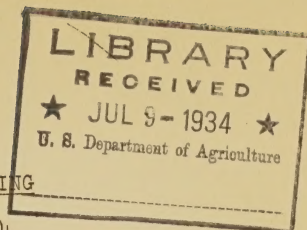


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INSTRUCTIONS AND REGULATIONS PERTAINING

TO THE COTTON ACT OF APRIL 21, 1934

For the use of Extension Agents, County Committeemen,
Community Committeemen, and others concerned with the
operation of the provisions of the Act to be adminis-
tered by the Secretary of Agriculture.

* * * * *
(Preliminary)

COTTON PRODUCTION SECTION
COMMODITIES DIVISION, AGRICULTURAL ADJUSTMENT ADMINISTRATION
JUNE 25, 1934.

INSTRUCTIONS AND REGULATIONS PERTAINING

TO THE COTTON ACT OF APRIL 21, 1934

For the use of Extension Agents, County Committeemen,
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(Preliminary)

COTTON PRODUCTION SECTION

COMMODITIES DIVISION, AGRICULTURAL ADJUSTMENT ADMINISTRATION

JUNE 25, 1934.

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INSTRUCTIONS AND REGULATIONS PERTAINING
TO THE COTTON ACT OF APRIL 21, 1934

* * * * *

For the use of Extension Agents, County Committeemen, Community Committeemen, and others concerned with the operation of the provisions of the Act to be administered by the Secretary of Agriculture.

* * * * *

INTRODUCTION

The primary purpose of the Cotton Act of April 21, 1934, commonly known as the "Bankhead Act", is the restoration of the cotton industry to a sound commercial basis by creating an effective balance between the production and consumption of cotton. This balance between production and consumption can only be brought about by reducing current production, in order that consumption may reduce to a normal level the supply of cotton that is now depressing prices received by producers. These objectives of the Act are identical with those of the 1934-1935 Cotton Acreage Reduction Plan, with which cotton producers are familiar.

Many cotton producers have felt that the 1934-1935 Cotton Acreage Reduction Plan needed to be supplemented in order to compel the cooperation of those producers who refused to participate in the plan. The non-cooperators have in many cases pursued a course of maintaining or even expanding their cotton production at the same time that reductions were being made by cooperators who acted for the best interests of the industry. The Cotton Act of 1934, therefore, is in the nature of insurance that the objectives of the voluntary acreage reduction plan will be attained, in that all producers will be compelled to cooperate in the efforts being made to decrease the burdensome supply of cotton, increase the price, and thereby relieve the economic emergency that exists throughout the Cotton Belt.

The Cotton Act of 1934 was not enacted into legislation until a thorough canvass was made of the opinion of cotton producers regarding the desirability of legislation designed to compel the cooperation of all producers in cotton reduction plans. In January, 1934, the Secretary of Agriculture sent more than 40,000 questionnaires to representative cotton producers requesting their opinion regarding legislation, then pending in Congress, designed to limit within an estimated market demand the amount of cotton that could be produced in any one year. Approximately 95 percent of the 25,000 answers made to the questionnaire were favorable to compulsory control of cotton production to compel all producers to cooperate in cotton adjustment programs. The preference of producers as between the various plans suggested were about equally divided. The provisions of the Cotton Act as finally approved by Congress represent a plan that meets with the approval of the majority of cotton producers heard from in the questionnaire survey.

Individual cotton producers should acquaint themselves with the various provisions of the Act in order that a complete understanding of the method of operation may permit its functioning with the least possible delay. It is only on a basis of understanding and united cooperation that the objectives of the Act can be realized. Individual producers themselves will largely be responsible for the ultimate success or failure of the plan, and their cooperation is earnestly solicited in attaining the objectives of a plan that was designed for their benefit. The success of the 1933 and of the 1934-35 Cotton Acreage Reduction Plans was directly attributable to the whole-hearted manner in which cotton producers responded to the emergency situation caused by ruinously low cotton prices. Cotton prices have increased materially as a result of the responsive cooperation of cotton producers to the plans that have been submitted to them. Considerable ground has yet to be covered, however, before satisfactory cotton prices are obtained, and it should be the responsibility of every producer to cooperate as fully in the operation of the plan involved in the Cotton Act as was done in connection with the voluntary acreage reduction plans.

The Cotton Production Section of the Agricultural Adjustment Administration has been designated by the Secretary of Agriculture as the agency within the Department of Agriculture which, primarily has been charged with the administration of those provisions of the Cotton Act of 1934 which the Secretary of Agriculture is to administer. The Bureau of Internal Revenue is charged with the administration of the tax provisions of the Act. It is intended that the operation of the Act will be superimposed onto the 1934-1935 Cotton Acreage Reduction Plan that is now being carried out. Producers who participate in the 1934-1935 Cotton Plan will receive the benefit payments to which they are entitled under the terms of their contracts.

The purpose of this publication is to fill the need that will be felt in the cotton counties for information regarding the Cotton Act, and to outline the procedure that will be used in administering the various provisions of the Act for which the Secretary of Agriculture is responsible. The information contained in the following chapter, entitled "Summary of the Act," gives a picture of the main provisions of the Act that directly affect cotton producers. Subsequent chapters give a more detailed presentation of the various provisions of the Act that will be administered by the Cotton Production Section, and the manner in which these provisions will be carried out.

The provisions of the Act that will be administered by the Bureau of Internal Revenue are covered in a separate list of regulations issued by that Bureau. A copy of these regulations may be obtained at the county agent's office or by writing to local Collector of Internal Revenue or to the Bureau of Internal Revenue, Washington, D. C.

Part I. SUMMARY OF THE COTTON ACT OF 1934

PURPOSE

The purpose of the Act is to relieve the economic emergency in the cotton industry, to promote the orderly marketing of cotton, and to raise revenue for paying additional benefits under the Agricultural Adjustment Act.

PERIOD OF APPLICABILITY

The Act is in effect only for the crop year beginning June 1, 1934, and ending May 31, 1935. The President may, however, proclaim the Act in effect for the crop year 1935-1936 if the economic emergency in cotton production and marketing continues. If the President makes such a proclamation, the tax provided for by the Act will come into effect only if the Secretary of Agriculture finds that two-thirds of the persons who have the right as owner, tenant, share cropper or otherwise to produce cotton favor the levy of the tax and if he finds that the tax is necessary to carry out the policy of the Act. If the Act and the tax are to be in effect for a second crop year, the Secretary of Agriculture shall proclaim at least sixty days before June 1, 1935, the number of bales that may be ginned exempt from the tax during the crop year 1935-1936.

TAX AND EXEMPTIONS

The tax on the ginning of cotton is levied at the rate of fifty per centum of the average central market price per pound of seven-eighths inch middling spot cotton, but in no event less than five cents per pound of lint cotton. If the cotton was harvested during a crop year when the tax is in effect, the tax shall apply even if the ginning is done after the expiration of such crop year. The Secretary of Agriculture shall proclaim the average central market price for lint cotton which is to be used as the base for determining the rate of the tax.

Ginners and other persons liable for the tax shall make monthly returns under oath and in a manner prescribed by the Commissioner of Internal Revenue and pay the tax when due without notice from the Collector. If the tax is not paid when due there will be added a penalty of one per centum per month from the date due until paid.

No tax shall be imposed under this Act with respect to: (1) Cotton harvested prior to the crop year 1934-1935; (2) cotton harvested by any publicly-owned experimental station or agricultural laboratory; (3) cotton having a staple of one and one-half inches in length or longer; and (4) an amount of cotton harvested in any crop year from each farm equal to its allotment.

The payment of the tax on cotton to be stored may be postponed at the time of ginning, but shall be paid at the time when bale tags are obtained for such cotton. Such cotton may be stored on the farm or at such other place as may be permitted by regulations prescribed by the Secretary of Agriculture and the Secretary of the Treasury. Until the tax is paid on such cotton, it shall be subject to a lien in favor of the United States.

A producer of cotton desiring to obtain tax-exemption certificates must file application, under oath, on forms supplied by the Secretary of Agriculture. (See regulations in Part II of this publication.)

Exemption certificates specifying the amount of cotton exempt from the tax shall be issued upon application for same to producers who are entitled to them. (See regulations in Part II of this publication.) Exemption certificates may be transferred or assigned in such manner as the Secretary of Agriculture may prescribe.

Tax-paid or tax-exempt cotton harvested during the 1934 crop year shall be identified by bale tags affixed under regulations prescribed by the Commissioner of Internal Revenue. Cotton harvested prior to the crop year 1934 that is ginned after May 31, 1934 shall also be tagged under regulations prescribed by the Commissioner of Internal Revenue. Cotton harvested and ginned prior to the crop year 1934 shall be tagged in accordance with regulations prescribed by the Secretary of Agriculture under authorization from the Commissioner of Internal Revenue.

APPORTIONMENTS FOR CROP YEAR 1934-1935

United States Allotment. - Ten million bales of 500 pounds net weight per bale is fixed as the maximum amount of cotton of the crop harvested in the crop year 1934-1935 that may be marketed exempt from tax. Cotton of one and one-half inch staple length or longer and cotton harvested by publicly-owned experimental stations or laboratories will, however, be exempt from taxation and will be additional to the allotment of ten million bales.

State Allotments. - The number of bales that a state may gin and market exempt from the tax shall be determined by the ratio of the average number of bales produced in each state during the five crop years 1928-1932 to the average number of bales produced in all the states during the same period. Any state, however, that has produced two hundred and fifty thousand bales in any one year of the five years prior to the date of the passage of the Act shall receive an allotment of not less than two hundred thousand bales. California and Missouri are the only states affected by this provision.

County Allotments. - Not less than ninety per cent of the amount of tax-exempt cotton allotted to a state shall be apportioned to the counties in the State in a manner similar to the apportionment as made between States. If, however, the production of any county was abnormally low for one or more years

of the base period due to unusual and uncontrollable natural causes, such years will be excluded in determining the average production for that county.

Individual Farm Allotments. - The amount of cotton allotted to any county for the crop year 1934-1935 shall be apportioned within the county to farms on which cotton is planted in 1934 and on which cotton has been grown at some time during the period 1928-1933.

Exceptional Cases. - Not to exceed ten per cent of the allotment to each state shall be allotted (a) to producers of cotton on farms where for the crop years 1931, 1932 and 1933 less than one-third of the cultivated land on such farms has been planted to cotton; (b) to producers of cotton on farms not previously used in cotton production; (c) to producers of cotton on farms where for the five years 1928-1932 normal production has been reduced by uncontrollable natural cause; and (d) to producers on farms where for the crop years 1931, 1932 and 1933, acreage theretofore planted to cotton has been voluntarily reduced below the amount which the Secretary finds would have been an equitable reduction in carrying out a reasonable reduction program.

MISCELLANEOUS

All persons having information with respect to cotton produced may be required to supply such information to the Commissioner of Internal Revenue.

No person shall transport, sell, purchase or open any bale of lint cotton to which a bale tag is not attached, except as may be permitted by regulations prescribed by the Commissioner of Internal Revenue.

Seed cotton harvested during any year with respect to which the tax is in effect cannot be exported.

The Secretary of Agriculture and the Commissioner of Internal Revenue are authorized to make such regulations as may be necessary to carry out the provisions of this Act.

This summary does not cover all of the details of the Act. A copy of the Act in its entirety is included in the appendix to this publication.

PART II

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D.C.

REGULATIONS UNDER THE COTTON ACT OF APRIL 21, 1934
GOVERNING ALLOTMENTS AND TAX-EXEMPTION CERTIFICATES

United States Department of Agriculture,
Office of the Secretary.

By virtue of the authority vested in the Secretary of Agriculture by the Act approved April 21, 1934, entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Congress), I do make, prescribe, publish, and give public notice of the following regulations, governing allotments and tax-exemption certificates, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed at the City of Washington this day of June, 1934.

Secretary of Agriculture.

ARTICLE I. DEFINITION OF TERMS USED IN THESE REGULATIONS

Sec. 1. The term "share-cropper" shall mean any person engaged in the production of cotton whose labor is paid for by (1) a share of the cotton produced by him or (2) a share of the proceeds of the cotton produced by him, in either case whether such share is subject to deductions or not. A "share-cropper" usually furnishes only the labor incident to the production and harvesting of cotton and usually receives one-half of the crop or one-half of the proceeds of the crop.

Sec. 2. The term "share-tenant" shall mean any person, commonly known as a share-tenant, engaged in the production of cotton who pays rent for the land he farms by (1) a share of the cotton produced on such land or (2) a share of the proceeds of the cotton produced on such land. A "share-tenant" usually furnishes the labor, animals, and equipment incident to the production and harvesting of cotton and usually pays as rent one-third of the grain crops and one-fourth of the cotton crop or one-third of the proceeds of the grain crops and one-fourth of the proceeds of the cotton crop.

Sec. 3. The term "standing rent tenant" shall mean any person who rents land as a tenant and pays as rent a fixed quantity of products.

Sec. 4. The term "landlord" shall mean any person who hires labor in the production of cotton or rents land to another and (1) pays as wages a share of the crop or a share of the proceeds of the crop or (2) receives as rent a share of the crop or a share of the proceeds of the crop.

Sec. 5. (a) The term "farm" shall, in the case of land covered by 1934-1935 Cotton Acreage Reduction Contracts, mean the land covered by any single one of such contracts.

(b) In the case of land not covered by 1934-35 Cotton Acreage Reduction Contracts, the term "farm" shall mean (1) any land used in the production of cotton within a county under the same ownership plus any land within such county rented for cash or standing rent to such owner(s), provided all such land is operated from the same farming headquarters (i.e., dwelling house, barns, etc.) or (2) any land used in the production of cotton within a county rented to the same person(s) for cash or standing rent and operated from the same farming headquarters (i.e., dwelling house, barns, etc.).

Sec. 6. The term "producer unit" shall mean any tract of land (whether a whole farm or a subdivision thereof) on which cotton is produced which is operated by (1) a share-tenant without the aid of any share-cropper, or (2) a share-cropper, or (3) the owner, cash tenant, or standing rent tenant, with his own labor or with hired labor other than share-croppers.

Sec. 7. The term "Act" shall mean the Act entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" approved April 21, 1934 (Public, No. 169, 73d Congress) as amended by Public Resolution No. , approved June , 1934.

Sec. 8. The term "Secretary" shall mean the Secretary of Agriculture of the United States.

Sec. 9. The term "certificates" shall mean the tax-exemption certificates (including the interim certificates) issued by the Secretary under the Act.

Sec. 10. The term "Assistant in Cotton Adjustment" shall mean the official in each cotton-producing county so designated by the Secretary.

Sec. 11. The term "County Committee" shall mean the persons who compose the committee so designated, established in any cotton-producing county pursuant to a document entitled "Articles of Association of The Cotton Production Control Association" (Form No. Cotton-3), approved by the Secretary, plus such emergency member or members as the other members may determine are necessary and may designate with the approval of the County Agent for such county.

ARTICLE II. MAKING OF ALLOTMENTS
OF TAX-EXEMPT PRODUCTION

Sec. 21. To Farms: prorated to farming units. Allotments shall be made to each farm on which cotton is being produced upon application upon the prescribed form(s). Three copies of Form No. B. A. 8 must be filed for each farm. In addition, three copies of Form No. B. A. 9 must also be filed for each farm on which any share-tenant or share-cropper is located. The allotment to any farm containing more than one producer unit shall be prorated, as set forth in Form No. B. A. 9, to the individual producer units comprising such farm.

Sec. 22. Persons who sign application forms:

(a) Owners and cash or standing rent tenants. In the case of an owner who operates his own farm with his own labor and/or with hired labor and/or who rents to one or more share-tenants or share-croppers, the form(s) shall be signed by such owner or his agent (holding a written authorization for such purpose: in the event such agent is to have authority also to receive his principal's certificates this authorization must be executed on printed Form No. B.A. 5). In the case of a cash tenant or a standing rent tenant, the form(s) shall be signed by such tenant or his agent (holding a written authorization for such purpose; in the event such agent is to have authority also to receive his principal's certificates, this authorization must be executed on printed Form No. B. A. 5).

(b) Share-tenants or share-croppers operating entire farms. In the case of a share-tenant or share-cropper who operates an entire farm, such share-tenant or share-cropper, or his agent (holding a written authorization for such purpose: in the event such agent is to have authority also to receive his principal's certificates, this authorization must be executed on printed Form No. B.A. 5) shall sign the forms along with his landlord. Wherever in such a case such landlord or his agent or such tenant or cropper or his agent is found, by the Assistant in Cotton Adjustment for the county within which the farm is located, to be unavailable for or not desirous of signing the forms, his signature may be dispensed with in the discretion of the County Committee. In any event the name of such landlord must appear on the forms.

3 Sec. 23. Share-tenants and share-croppers entitled to be heard as to figures on Form No. B.A. 9. Any share-tenant or share-cropper who operates a producer unit in a farm for which an allotment is sought shall be entitled to be heard as to the production of such producer unit (including the estimated yield and the size of such unit) and as to his share of the crop from such unit. To insure this right each share-tenant or share-cropper shall be notified of the production figures submitted on the prescribed forms for the farm on which he is located or, in lieu thereof, in the case of a plantation or other farm having more than one share-tenant or share-cropper, copies of such forms as submitted shall be posted in a central place (such as the farming headquarters or an overseer's office or main barn or warehouse) on such plantation or farm for the inspection of the share-tenants or share-croppers located thereon. Copies of such forms shall be on file at the office of the County Committee with whom filed, for

inspection by share-tenants or share-croppers living on the land covered by the respective forms. Each County Committee shall, on the basis of all the facts submitted to it, determine what in its best judgment are the true production figures and shares of crop which should be inserted in the spaces reserved for such corrected figures in the forms filed with it and shall insert the same in such forms. The State Allotment Board in any State shall finally determine all allotments and prorations to farms and producer units within its State, if authorized in writing by the Secretary to make such determinations.

Sec. 24. County-line farms. In the case of any land (whether or not covered by a 1934-1935 Cotton Acreage Reduction Contract) located in two or more counties but operated from the same farming headquarters (i.e., dwelling house, barns, etc.), all such land may be considered a single farm and shall be supervised by the County Committee of the county in which the farming headquarters is located or, in the absence of a farming headquarters, by the County Committee for the county in which the greater part of such contiguous land is located.

After allotments to all farms lying partly within two counties have been determined by the two County Committees concerned, a figure representing the net amount of allotments, expressed in pounds of lint cotton, due the county entitled to a balance of allotments, shall be agreed upon and a joint statement setting forth this net amount of allotments shall be made to the State Allotment Board. The State Allotment Board will authorize an allocation of allotments to the county having an excess of county-line allotments made to land outside its county limits, deducting the same amount from the allotment of the other county. In the case of any such county-line farm upon which an agreement cannot be reached between the respective County Committees as to the proper allotment to be credited to each county under these regulations, the County Committee for the county in which any part of such land lies may regard such part as a farm, in which event a separate application shall be made in such county covering the part of the farm that lies in such county and such County Committee shall so notify the County Committee for the other county or counties concerned.

ARTICLE III. ISSUANCE AND USE OF CERTIFICATES

Sec. 31. Issuance, allotment, and distribution of certificates and accounting therefor (a) Certificates will be issued by the Secretary (on a prescribed form) upon application therefor and upon proof satisfactory to the Secretary that the producer making application has planted cotton for the crop-year 1934-1935 which was in cultivation on or before July 1, 1934, and is otherwise entitled thereto under the Act and the regulations thereunder. Interim certificates may be issued only in counties specifically designated by the Cotton Production Section. Such interim certificates shall be issued (on the prescribed Form B. A. 14), as a temporary expedient, by the appropriate County Committee, to producers (whether owner operators, share-tenants, or share-croppers) in strict accordance with their best estimate of the bases and proportions, and according to the procedure, prescribed in these regulations with respect to the certificates to be finally issued; and such interim certificates shall (as required therein) be delivered back

to such County Committee when it is in position to distribute such final certificates. In no case shall any such interim certificate be issued in an amount greater than fifty per centum of the total amount of the final certificate or certificates to which such producer will be entitled under these regulations; and in no case shall any such interim certificate be issued to a person who is not producing cotton on land on which cotton was grown in at least one year during the five-year base period 1928-1929 to 1932-1933. Any certificate erroneously issued shall be void upon a demand in writing for its return made by the Secretary to the person to whom such certificate was issued.

(b) Certificates (other than interim certificates) so issued shall be allotted, in accordance with the Act and these regulations, by the State Allotment Board in each cotton-growing State to the producers of cotton in such State. The allotments shall be based on the applications (made on the prescribed Form No. B. A. 8, and B. A. 9 where required) filed by the producers with the reports of the appropriate Community Committee endorsed thereon and with the recommendations of the appropriate County Committee also endorsed thereon, forwarded to the State Allotment Board by the County Committee in lots as it passes upon the applications. Applications shall be filed with the County Committee within a period fixed by the Chairman of the State Allotment Board. Each certificate shall be countersigned by the Chairman of such board (or a person duly authorized by him, in writing, to affix his counter-signature) after all of the entries therein provided for have been made. All of the certificates for producers in a particular county shall be allotted at the same time, and when the certificates for such county shall have been completed they shall be forwarded to the Assistant in Cotton Adjustment for such county. Such Assistant in Cotton Adjustment shall thereupon distribute all such certificates to the producers in whose names they are issued and take the receipt of each producer for his certificate or certificates and forward such receipts to the State Allotment Board.

(c) In each case where the allotment to the producer is less than five thousand pounds of lint cotton or a multiple thereof, the State Allotment Board shall detach from such certificate, or one of such certificates, as the case may be, such portion thereof as is necessary to make the remainder express the exact allotment to the nearest five pounds and shall, after the distribution of such certificate, forward such detached portion to the Secretary as a supporting document in its accounting for certificates entrusted to it. Each such board shall maintain an accurate record of the certificates entrusted to it, allotted and distributed by it, or returned in whole or in part to the Secretary. All certificates not issued and distributed to producers shall be returned to the Secretary.

(d) In case a producer entitled to a certificate or certificates dies or becomes incompetent or bankrupt after his application is passed upon by the County Committee but before such certificate or certificates are issued to him, delivery of such certificate or certificates shall be made as provided in regulations to be prescribed.

Sec. 32. To share-tenants and share-croppers and landlords. In the case of a share-tenant or a share-cropper who cultivates a producer unit (which as set forth in section 6 may be an entire farm or a subdivision thereof) to which an allotment has been made or prorated, certificates equal to such allotment or proration will be issued, subject to the provisions of Section 35, to such tenant or cropper and to his landlord, separately, in the proportions in which they are to share in the crop or its proceeds under the terms of their

lease or cropping agreement. The tenant's or cropper's share of certificates will be computed without regard to deductions (for present or past debt or otherwise).

Sec. 33. To owner-operators. In the case of an owner of a farm to which an allotment has been made certificates equal to such allotment shall be issued to such owner provided that such farm is not rented to a cash tenant or a standing rent tenant and provided that no share-tenant or share-cropper is engaged in the production of cotton on such farm, in which latter event section 32 applies.

Sec. 34. To cash tenants and standing rent tenants operating with own or hired labor. In the case of a cash tenant or a standing rent tenant who operates a farm to which an allotment has been made, certificates equal to such allotment shall be issued to such tenant provided that no share-tenant or share-cropper is engaged in the production of cotton on such farm, in which event section 32 applies.

Sec. 35. Disposition of certificates among share-tenants and share-croppers on any farm. In the case of any farm on which two or more share-tenants or share-croppers are engaged in the production of cotton, the certificates issued to share-tenants and share-croppers on such farm may be transferred (up to an amount necessary to gin and tag for marketing tax-free all the cotton produced by share-tenants and share-croppers on such farm), by simple endorsement thereon, by any of such share-tenants or share-croppers to any other share-tenant or share-cropper on such farm, with or without consideration as the parties to such transfer may agree; but after all such cotton has been so ginned and tagged any such certificates not so transferred shall be deemed to be surplus certificates and shall be deposited with the Assistant in Cotton Adjustment for the county where the farm is located, except if any such tenant or share-cropper submits satisfactory proof to the County Committee that his cotton crop has been totally destroyed by uncontrollable natural causes such as storm, drought, flood, insect pests, etc., certificates issued to such person shall be considered as the sole property of such share-tenant or share-cropper and shall not be so deposited with the Assistant in Cotton Adjustment but may be transferred by him pursuant to the regular procedure to be hereafter established by regulations for the transfer of certificates.

Certificates so deposited with any Assistant in Cotton Adjustment pursuant to this section shall be cancelled by him and reissued to all share-tenants and share-croppers on the farm concerned in proportion to the original allotment of certificates to them, and may be transferred by them pursuant to the regular procedure to be hereafter established by regulations for the transfer of certificates.

Sec. 36. Landlord must contribute share of certificates to marketing of his cotton. A landlord to whom certificates have been issued with respect to any producer unit shall contribute so much of such certificates (up to the total amount thereof) as are required to gin and tag in order that it may be marketed tax-free his share of the crop grown on such unit.

Sec. 37. Penalty for landlord who violates Section 36. Upon notice to the Secretary that a landlord has failed to comply with section 36, the Secretary, pending investigation, may conditionally cancel any or all certificates issued to such landlord and not transferred or assigned by him pursuant to regulations, and, upon a finding

ferred or assigned by him pursuant to regulations, and upon a finding by the Secretary that the landlord has violated section 36, the Secretary may permanently cancel such certificates and (1) re-issue to the share-tenant or share-cropper cultivating the producer unit with respect to which such certificates were issued such amount of said certificates (up to the full amount thereof) as may be necessary to gin and tag in order that it may be marketed tax-free the landlord's share of the crop grown on such producer unit, and (2) re-issue to such landlord any residue of such certificates which may remain after the landlord's share of such crop has been so ginned and tagged.

Sec. 38. In case of abandonment of crop by share-tenant or share-cropper. Whenever a landlord certifies in writing under oath to the Assistant in Cotton Adjustment for his county that a share-tenant or share-cropper has, without cause and before gathering, abandoned a crop covered by a lease or share-cropping agreement and in such certification sets forth the terms of said lease or agreement and a sworn itemized statement of account of his claim against the crop so abandoned, such Assistant in Cotton Adjustment shall make an investigation of the facts and claim alleged and shall certify upon a prescribed form under oath to the Secretary his findings relative thereto. Upon receipt and consideration of such certified findings the Secretary may cancel the certificates issued to such share-tenant or share-cropper and may re-issue to the landlord such amount of said certificates (up to the full amount thereof) in order to enable the landlord to gin the abandoned crop tax-free so far as the use of such re-issued certificates permit, provided that the landlord agrees in writing to deposit with the Secretary in trust for the share-tenant or share-cropper all proceeds over and above the landlord's claim found by the Secretary equitable to be due. Any surplus certificates of such tenant or cropper shall be re-issued to the Cotton Production Control Association of the county in which the original certificates were issued and shall be sold by such association according to the regular procedure to be hereafter established by regulations for the transfer of certificates. The proceeds of such sale shall be deposited with the Secretary in trust for such tenant or cropper. If such share-tenant or share-cropper can not be found after reasonable search, said funds so held in trust shall be subject to the laws of the State in which such tenant or cropper abandoned the crop, including statutes of escheat or abandonment. Whenever such share-tenant or share-cropper can be found by a reasonable search, reasonable notice and a reasonable opportunity for hearing must be given him before cancellation and re-issuance of his certificates.

ARTICLE IV. TRANSFER OR ASSIGNMENT OF CERTIFICATES

Sec. 41. Transfer or assignment of certificates. Tax-exemption certificates can be transferred or assigned only as provided in regulations which will be hereafter prescribed. Interim certificates can not be transferred or assigned.

ARTICLE V. PENALTIES

Sec. 51. Penalties. (a) As provided in the Act, a fine not exceeding \$1,000 or imprisonment for not more than six months, or both such fine and imprisonment, shall be imposed upon any person who

- (1) wilfully violates any provision of the Act,
- (2) wilfully fails to pay, when due, any tax imposed under the Act,
- (3) with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag or certificate of exemption made or used under the Act,
- (4) uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag or certificate of exemption, or any plate or die used, or which may be used, in the manufacture thereof,
- (5) makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any bale tag or certificate of exemption,
- (6) has in his possession any bale tag which should have been destroyed, as required by the Act,
- (7) re-uses any bale tag required to be destroyed by the Act,
- (8) places any cotton in any bale which has been filled and stamped, tagged, or otherwise identified under the Act, without destroying the bale tag previously affixed to such bale,
- (9) affixes any bale tag, issued under the Act, to any bale of lint cotton on which any tax due is unpaid,
- (10) makes any false statement in any application for bale tags or certificates of exemption under the Act, or
- (11) has in his possession any bale tag or certificate of exemption obtained by him otherwise than as provided in the Act.

(b) As provided in the Act, a fine not exceeding \$1,000, or imprisonment for not more than one year, or both such fine and imprisonment, shall be imposed upon any person who, in violation of the regulations made by the Secretary of Agriculture, (1) secures certificates of exemption or bale tags from another by sharp practices or (2) speculates in certificates of exemption or bale tags, and upon any person securing certificates of exemption or bale tags from another person by fraud or coercion.

(c) The Act further provides that "any person who wilfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this Act, for the violation of which a special penalty is not provided, shall, on conviction thereof, be punished by a fine not exceeding \$200."

ARTICLE VI. AMENDMENTS

The Secretary of Agriculture reserves the right to modify, add to, rescind, or otherwise amend the foregoing regulations.

PART III. ADMINISTRATION OF THE ACT

NATIONAL ADMINISTRATION

Those provisions of the Cotton Act of 1934 which the Secretary of Agriculture is charged with administering are to be carried out under the immediate supervision of the Cotton Production Section, Commodities Division, Agricultural Adjustment Administration, Washington, D.C. In the administration of all field activities involving extension workers and relating to the Cotton Act of 1934, the Cotton Production Section will work with and through the Director of Extension in each cotton-producing State.

STATE DIRECTOR OF EXTENSION AND STATE ALLOTMENT BOARD

The State Directors of Extension, or the persons designated by them, will have immediate supervision of all extension field workers engaged in administering the Cotton Act of 1934, and all directions and instructions to such workers will, insofar as possible, be transmitted through the State Directors or their designated representatives.

The State Director of Extension shall appoint, subject to the approval of the Cotton Section, a State Allotment consisting of three members. The duties of this Board shall be to allot tax-exemption certificates on the basis of the information submitted in applications by cotton producers in each county. The Board shall notify the individual of his allotment of tax-exemption certificates and mail the certificates to the County Cotton Production Control Association for distribution. The Board shall keep such records and accounts as may be prescribed by the Cotton Section and shall not make allotments of tax-exemption certificates in excess of the permitted quantity.

COUNTY ORGANIZATION

The Cotton Act of 1934 will be administered in each county by the Cotton Production Control Association, the organization of which is described in "Administrative Rulings and Instructions relating to the 1934-1935 Cotton Acreage Reduction Plan" (Form No. Cotton 5).

The County Committee shall consist of a minimum of three cotton producers in each cotton-producing county. The County Committee may be increased by one member for each additional five hundred farms, or fraction thereof, in excess of one thousand, on which cotton production was reported in the 1930 census. Such an increase in the personnel of the County Committee will be made only in those counties in which circumstances warrant such additions.

THE COUNTY AGENT AND COUNTY ASSISTANT IN COTTON ADJUSTMENT

The County Agent shall be the representative of the Secretary in all matters affecting the Association in administering the Cotton Act of 1934.

A County Assistant in Cotton Adjustment will be employed in each county in which cotton was produced on 250 or more farms, as indicated by the 1930 census. The Assistant shall work under the immediate supervision of the County Agent and the County Cotton Production Control Association. His duties will consist of keeping such county records as are delegated to him by the County Agent, the Control Association, the Cotton Production Section and the Bureau of Internal Revenue. The Assistant will receive the applications for tax-exemption certificates from Community Committees, prepare them for the action of the County Committee and properly record the recommendations of the County Committee regarding each application. The Secretary of Agriculture shall require that each County Assistant be bonded to the amount of \$_____. All records of the County Cotton Production Control Association kept by the County Agent and/or County Assistant in Cotton Adjustment shall be filed in the County Agent's office. All such records shall be open to examination by any authorized agent of the Secretary at any time.

COMMITTEEMEN

The County Committee, with the approval of the County Agent, shall make any changes deemed necessary with respect to the appropriate number of cotton-producing communities within the county and assign the proper number of committeemen to each community as provided in the Articles of Association of the Cotton Production Control Association (Form No. Cotton 3).

The County Committee shall review all applications for tax-exemption certificates filed with them and make recommendations regarding the allotting of tax-exempt cotton to each applicant. The County Committee shall also perform such further duties as may be prescribed from time to time by the Cotton Production Section.

The Community Committee shall establish a community headquarters and, at such place, shall receive, assist in the preparation of, check and pass upon applications for tax-exemption certificates. The Community Committee shall submit the applications for tax-exemption certificates and such other necessary information to the County Agent or County Assistant at designated intervals for the appropriate action of the County Committee.

All Committeemen shall hold office at the will of the Secretary or his authorized agent. All information, including names of applicants, acquired by a committeeman by virtue of his position shall be held in strictest confidence by him and said information shall not be used to the advantage of the committeeman.

All Committeemen shall be paid at the rate of \$3.00 per day, less 10 percent before July 1 and less 5 percent thereafter as required by law, when actually employed for services in procuring and reviewing applications as may be required and certified to by the County Agent. Committeemen shall furnish their own transportation and subsistence.

Part IV. COTTON EXEMPT FROM TAXATION

The Cotton Act of 1934, as amended, provides that four classes of cotton will be exempt from taxation. These four classes are as follows:

- A. Cotton harvested prior to the crop year 1934-1935;
- B. Cotton harvested by any publicly-owned experimental station or agricultural laboratory;
- C. Cotton having a staple of one and one-half inches in length or longer;
- D. An amount of cotton harvested in any crop year from each farm equal to its allotment.

An explanation is given in this chapter of the manner in which exemption from the tax will be obtained for each of these four classes of cotton.

A. Cotton Harvested Prior to the Crop Year 1934-1935

Cotton harvested prior to the crop year 1934-1935 refers to cotton which was harvested before June 1, 1934, or, in other words, cotton harvested from the crop planted in 1933 or in any previous year.

Lint Cotton

Every person or agency having immediate possession, custody, or control of any bales of old lint cotton should make application for a number of free bale tags equal to the number of bales of such cotton, except that application need not be made for cotton in a mill where it is to be consumed or for cotton at a point of export covered by an export bill of lading. The phrase "immediate possession, custody, or control" refers to any cotton, irrespective of who the owner may be, which may be stored in the warehouse, compress, or gin yard of the person or agency making application, or that which may be located on the farm of a producer or elsewhere. A farmer or any other person who may own cotton that is in the possession, custody, or control of some other person or agency need not make application for bale tags for such cotton.

Application should be made to the County Agent of the county in which the applicant's cotton is located. A separate application must be made for each lot of cotton stored in a different location. The application may be made either by letter, telegram, or on Form No. B.A.2, supplies of which are available in the County Agent's office. Following

the receipt of an application, bale tags will be affixed by an agent of the Secretary of Agriculture under the supervision and direction of the Director of Tagging, who is working in close cooperation with the Cotton Production Section. When the tags have been affixed to bales of old cotton in the possession of an applicant, the Agent will fill out in quadruplicate Form No. B.A.3, which is a record of bale tags attached and of the identification of the bales, and distribute the copies as indicated at the top of each sheet. If the number of bales tagged is in excess of the number which can be entered on the above form, Form No. B.A.4, which is a continuation sheet of Form No. B.A.3, will be used. For every bale of cotton so tagged the applicant will receive a "Certification of Tagging Lint Cotton", Form No. B.A.12, which shows that the bale has been tagged, the serial number of the bale tag, whether the bale is square or round, compressed or uncompressed, and the identifying mark or marks on the bale. This form should accompany each bale of cotton when sold and should be attached to any document of title, such as a warehouse receipt or bill of lading covering such bale. Should a tag become detached or lost from a bale, it will be necessary that the "Certification of Tagging Lint Cotton" accompany the application that may be made for another tag before such an application will be considered.

Warehousemen holding 500 bales or more of old cotton may be appointed as agents of the Secretary for the purpose of tagging cotton held in their warehouses. Such warehousemen will be required to furnish bond as provided for in Form No. B.A.6. Copies of this form may be obtained from regional headquarters of the tagging program or the Director of Tagging, Room 1238, South Building, Agricultural Adjustment Administration, Washington, D. C. In each case where the "Certification of Tagging Lint Cotton" is delivered to the warehouseman in whose hands the bale to which it refers was found, the warehouseman shall hold such certification safely and deliver it only to the person presenting the warehouse receipt to him; in no event is he to deliver it to the depositor of the bale unless such depositor presents the warehouse receipt.

Complete information on the regulations for tagging old cotton is contained in Form R-21, B.A.R. Series No. 1, "Regulations under the Cotton Act of April 21, 1934, Relating to the Tagging of Cotton Harvested and Ginned prior to June 1, 1934," copies of which may be obtained free upon request to the County Agent or to the regional office of the Director of Tagging, or to the Washington Office.

Seed Cotton

Any producer having in his possession seed cotton harvested prior to June 1, 1934, and which will be ginned after such date, may have such seed cotton ginned under Regulations 84 of the Commissioner of Internal Revenue without payment of the tax. Article 9 (c) of these regulations states:

"The ginning of cotton harvested prior to June 1, 1934, is exempt from the tax. To be entitled to such exemption, the ginner shall procure an affidavit from the person who owns the cotton at the time of ginning. The affidavit shall be in duplicate and shall show (1) the name and address of the owner of the cotton, together with the name and address of the producer, if they are different persons, (2) the location of the farm on which the cotton was harvested, (3) the year in which the cotton was harvested, (4) the location of the building where the seed cotton has been stored, (5) the number of bales of lint cotton resulting from the ginning with the quantity, in pounds, of each bale, and (6) the serial number of the bale tag attached to each bale."

The affidavit to be executed under this Article is G. T. Form 106 B (Bureau of Internal Revenue).

B. Cotton in the Hands of, or Harvested by,
Publicly-Owned Experimental Stations
or Agricultural Laboratories

Cotton held or controlled by any department or agency of the United States Government, or by any publicly-owned experimental station or agricultural laboratory at the beginning of any crop year with respect to which the tax becomes effective, shall be tagged the same as that in the possession, custody, or control of an individual or of a private agency. Applications for free bale tags for any such cotton should be made by the head of the Department, agency, station or laboratory.

Bale tags issued to any of the above agencies for the tagging of old cotton will be attached by an individual designated by and responsible to the Director of Tagging, and the same forms will be required as for cotton tagged for individuals and private agencies.

Cotton which may be ginned by any publicly-owned experimental station or agricultural laboratory from a crop harvested by it in any year with respect to which the tax is in effect, may, at the time of ginning cotton, receive bale tags equal in number to the bales of cotton ginned, as provided for under Regulations 84 of the Commissioner of Internal Revenue. Article 9 (a) of the regulations provides that:

"The ginning of cotton harvested by a publicly-owned experimental station or agricultural laboratory is exempt from the tax. To be entitled to such exemption, the ginner shall procure an affidavit signed by a responsible executive officer of such station or laboratory. The affidavit shall be in duplicate and shall show (1) the name and address of such station or laboratory, (2) the location of the land on which the cotton was harvested, (3) the number of bales of lint cotton resulting from the ginning with the quantity, in pounds, of each bale, and (4) the serial number of the bale tag attached to each bale."

The affidavit to be executed under this Article is G.T. Form 106 C (Bureau of Internal Revenue).

C. COTTON HAVING A STAPLE OF ONE AND ONE-HALF INCHES
IN LENGTH OR LONGER

Producers who grow cotton having a staple of one and one-half inches in length or longer will make application for allotment and tax-exemption certificates according to the procedure outlined in Part V of this publication. It will not be necessary, however, to surrender tax-exemption certificates or to pay the tax on that portion of the crop which has a staple length of one and one-half inches or longer. Section 4 (e) (4) of the Act provides that no tax shall be imposed with respect to cotton having a staple of one and one-half inches in length or longer.

To secure exemption from the tax under this provision, the producer must have such cotton classified as to staple by a Federally Licensed Cotton Classifier. The Classifier will issue a certificate G. T. Form 106 D (Bureau of Internal Revenue), showing (1) name and address of the owner, (2) by whom harvested, (3) location of the farm on which produced (4) place or places stored since harvest, (5) place ginned, (6) name of ginner, (7) weight of bale, (8) serial number of bale tags attached, and (9) grade and staple. This certificate will be accepted by an authorized agent in exchange for bale tags.

D. AN AMOUNT OF COTTON HARVESTED IN ANY CROP YEAR FROM EACH
FARM EQUAL TO ITS ALLOTMENT

The amount of tax-exempt cotton allotted to each county will be prorated within the county to farms on which cotton is planted in 1934 and on which cotton has been planted during the period 1928-1933. This proration to individual farms will be made on the basis of the average acreage and production of cotton during the base period 1928-1932 or on

the basis of the actual planted acreage in cotton multiplied by an assigned yield if cotton was planted in 1933 only. An allotment basis will be computed for each farm on the basis of the acreage and production of cotton on the farm during the base period. This allotment basis will then be used in computing the allotment of tax-exempt cotton that the farm will receive.

The allotment basis in the case of a farm for which a 1934-1935 Cotton Acreage Reduction Contract has been signed will be the permitted acreage in cotton that may be planted on the farm in 1934, multiplied by the adjusted average yield allowed under the terms of the contract. In the case of farms not under contract, the information submitted will be adjusted, if necessary, in order that the averages finally determined for such applicants may be on a basis comparable with the adjusted average acreage and production data of contract signers. The allotment basis for non-signers will then be computed by multiplying the adjusted average production by a percentage figure which will represent the average percentage of their adjusted base acreage that contract signers in the county are permitted to plant in 1934. The details of the plan under which allotments will be made to individual farms are discussed in the following chapter.

PART V

APPLICATION BY INDIVIDUALS FOR ALLOTMENTS
OF TAX-EXEMPT COTTON AND TAX-EXEMPTION
CERTIFICATES

Application forms for allotments of tax-exempt cotton and tax-exemption certificates must be signed by an owner, a cash tenant, or a tenant who pays as rent a fixed quantity of products (standing-rent tenant.) An individual share tenant or share cropper who operates an entire farm may submit a joint application and sign with his landlord or, at the discretion of the County Committee, either the landlord's signature or the share tenant's or cropper's signature may be dispensed with if either interested party is unavailable or not desirous of signing, or is not in a position to supply the information called for in the application. Any operator entitled to sign an application may do so through an agent, but such agent must submit a written document showing his authority to act for the operator of the farm covered by the application.

In submitting an application for an allotment and tax-exemption certificates, an operator will submit the information called for in Form B.A. 8, entitled "Application for Allotment and Tax-Exemption Certificates Pursuant to the Cotton Act Approved April 21, 1934," Form No. B. A. 9, captioned "This Application for Allotment and Tax-Exemption Certificate(s) Must Contain---", etc., will also be submitted for those farms on which cotton is grown by share tenants and/or share croppers in 1934. The application form or forms will be made out in triplicate. The original copy of each form will be sent to the State Allotment Board at the place designated by the Director of Extension in each State, a copy retained in the county office, and the third copy returned to the applicant.

All applications for tax-exemption certificates will be made through Community and County Committees, as was done in the case of the 1934-1935 Cotton Acreage Reduction Contracts. The county will be subdivided into communities and a Community Committee designated to function in each county subdivision as explained in Part III of this publication. The Community Committee will establish headquarters at a designated central point in the community. In order to complete the work effectively within the limited time available, it will be necessary that operators, or their authorized agents, be requested to appear at these community headquarters to submit application. The Community Committee will work individually with each applicant in helping to fill out the necessary application forms in the proper manner.

Committeemen will need to familiarize themselves thoroughly with the administrative regulations and instructions pertaining to the making of application for allotments, in order that only those persons who are entitled to make application will be permitted to submit claims for allotments and tax-exemption certificates. Close attention, furthermore, will need to be given to the provisions in the instructions concerning the

base period used in computing the allotment basis that a producer may obtain. It is only on a basis of carefully prepared applications that a speedy and just distribution of allotments to individuals can be assured. The administrative regulations, issued to date, that pertain to these and other questions relating to the making of individual allotments are presented in Part II, entitled "Regulations Governing Allotments and Tax-Exemption Certificates".

The data submitted in applications for allotments will be carefully examined by County and Community Committees in order to assure that individual allotments be based on the best information available regarding the cotton base acreage and production on each farm for which application is made. The quantity of tax-exemption cotton allotted to any county is definitely fixed, and may be likened to a common fund in which all producers in the county are to share according to their just claims. The claims will be based on the operators' cotton acreage and production during a representative base period. If any operator claims and receives a farm allotment in excess of the amount to which he is entitled, he does so at the expense of other operators in the county in that he unjustly takes a part of the county allotment that belongs to others.

The County and Community Committeemen will have the responsibility of providing the bases for an equitable proration of the county allotment as between the various operators of cotton farms in the county. An application that is approved by the County Committee will necessarily have to be accepted by the State Allotment Board as representing the opinion of persons in the county who are best qualified to judge the equitableness of any claim made for an allotment and exemption certificates.

The County Committee, with the help of the Community Committeemen concerned, shall correct and adjust the figures reported in applications when the County Committee has good reason to believe that such figures are not in accordance with facts. Committeemen shall adjust the data submitted by non-signers in such a manner as to approximate the individual adjustments made in reports submitted by signers of 1934-1935 Cotton Contracts in the county. These adjustments shall be made on an individual basis rather than by a blanket revision applied uniformly to all applications.

Whenever any correction or factual statement is made in an application, the operator who submitted the application will be notified and given the opportunity to present evidence in support of the information given in his application. It is hoped that an effective functioning by Community Committeemen will permit such cases to occur only infrequently, and, when they do occur, that a satisfactory arrangement be speedily effected between the County Committee and the operator who submitted the information under question. In those instances in which a mutually satisfactory arrangement between the County Committee and such an operator is not possible, it is recommended that three disinterested cotton producers be selected by the County Committee to act as an investigating committee. This committee shall examine all information available pertaining to the case, and report their findings to the County Committee. The decision of the County Committee shall be final.

The procedure to be used in filling out Form No. B. A. 8 is outlined in detail in the following subsection. As explained in Part IV, Section D, a somewhat different procedure will be used in connection with filling out the application form for participants in the 1934-1935 Cotton Plan from that which will be followed for operators who did not sign contracts. These differences will be pointed out in the description of the steps to be followed in filling out the application form.

FILLING OUT APPLICATION FORM FOR ALLOTMENT AND TAX- EXEMPTION CERTIFICATES (Form No. B. A. 8).

The first part of the form used in making application for an allotment and tax-exemption certificates (Form No. B. A. 8) is similar in many respects to the first part of the 1934-35 Cotton Contract. The operator will enter the names of the State and County in which his farm is located. The application serial number and the serial number of the 1934-1935 Cotton Contract, if any, will be entered in the county office as explained later. The name of the operator(s) making the application will be typed or printed in the space indicated, and will be the same as the signature(s) and/or name(s) appearing in Section II of the application form. If an agent of the operator makes application, the name of the operator will be shown in the space indicated on the first page. In such a case, the name of the operator will also appear in Section II, as operator, with the signature of the agent on the line immediately below.

The description of the farm may be either in terms of the direction in which the farm is located from some central point, or may be described more technically as indicated in the provision for a survey description given below the word "OR".

Table I

Table 1 of the application, Form No. B. A. 8, is almost identical with Table 2 of the 1934-1935 Cotton Contract. The information called for in this table will be filled out in the county office for an operator who participated in the 1934-1935 Cotton Plan, and, up to and including line 9, will be the same as shown in Table 2 of such an operator's contract. The figures in line 10, Columns G and H of Table 1 of the application form will be obtained from the operator's Notice of Acceptance of his 1934-1935 Cotton Contract, Columns 12 and 7, respectively, if such Notice is received at the time application is made. Column F, line 10, will then be obtained by multiplying the cotton acres permitted to be planted in 1934 by the adjusted yield (Column G, line 10, Column H, line 10).

In the case of a 1934-1935 Cotton Contract signer whose Notice of Acceptance is not received, the figures in Table 1, Columns G and H, line 10 of the application form, will be obtained from Section VIII, items (g) and (c), respectively, of the contract as approved by the County Committee. The amount obtained from multiplying one item by the other will then be inserted in line 10, Column F, and will represent the basis upon which an allotment will be computed for such an applicant. These computations will be done in the county office, before contract signers are contacted for the purpose of receiving their applications for allotments and tax-exemption certificates.

In those counties in which a large number of 1934-1935 Cotton Contracts were obtained, it will be found desirable to employ temporarily the required number of helpers needed to transcribe the data for contract signers onto the application forms before operators are contacted. It is suggested that these temporary helpers be recruited largely from high-school students and others in the county who may be deemed sufficiently accurate to transcribe the information and to make the necessary computations in the correct manner. This work of transcribing data from contracts should be completed within about two days after the application blanks from the Cotton Production Section are received in a county. Provision for employing the temporary helpers that may be required in accomplishing this work will be made through the office of the State Director of Extension.

Operators who have signed 1934-1935 Cotton Contracts may desire to change the data originally submitted by them in Columns A to E, inclusive, of Table 2 of their contracts. This desire may be prompted by additional information that such operators may have obtained after submitting their contracts. Certain operators, for example, submitted uniform figures as to productivity for each of the several years in their base period. Information may now be available to such operators to indicate that year-to-year variations actually occurred in their production and/or yields. If satisfactory reason is presented to the Community Committee for changing the figures in Columns A to E, inclusive, a rider, Form No. B. A. 8 (c), will be provided for a restatement of these data. The rider will be filled out and pasted over Table 1 so that Columns A to E, inclusive, on the rider coincide with Columns A to E, inclusive, of Table 1. The Community Committee will not permit these figures in Columns A to E of Table 1 to be changed at will, but only after the operator has presented reasonable evidence that such figures should be revised in order to be in accordance with actual conditions.

Permission to revise the figures originally submitted in Table 1, Columns A to E, does not imply that the final figures in the contract or in the Notice of Acceptance of the contract will be changed. If an operator is convinced that he has suffered an injustice in the adjustments made in his contract by the County Committee to conform with the official cotton production and acreage figures for the county, he will need to submit proof to the County Committee that his contract figures are not equitable for use in establishing an allotment basis for tax-exemption certificates under the provisions of the Cotton Act. The County Committee will serve, therefore, as a quasi-judicial board to which all such claims will be submitted. These claims will need to be substantiated by authentic records of production and acreages or other proof that the County Committee may require. It is assumed that it will be only in rare cases that the contract figures of an operator will need to be changed. In those cases in which the County Committee permits an operator to change his contract figures in making application for an allotment, such a change will not, of course, affect the contract itself in any way. The basis upon which payments are made under the terms of the contract will remain as accepted by the Secretary of Agriculture.

Operators who have not signed contracts will submit the information called for on Table 1, Columns A to EE, inclusive, in the same manner and with the same close scrutiny by the Community and County Committees as was

done in the case of contract signers when they submitted their original reports. Although the information submitted in the application forms will be sworn to by the operator making application for exemption certificates, the Community Committees will satisfy themselves that the information submitted by operators is as nearly accurate as possible. In other words, Community Committees will undertake to eliminate or correct at the time application is made any information which they have reason to believe is not in accordance with facts. This careful examination of data submitted by operators is necessary in order to permit the certification that will be made by the Community Committeeman who approves the application, and to assure that non-signers be placed on the same relative basis as contract signers in making claim for allotments and tax-exemption certificates.

In assisting operators to fill out Table 1 of the application form, the Committeemen will follow the same procedure recommended for use in preparing Table 2 of the 1934-1935 Cotton Contract. This procedure, it will be remembered, is as follows:

1. List the number of bales produced in each year (Column A).
2. List the average net weight per bale for each year (Column B). The "net weight per bale" refers to the weight of the lint in a bale of cotton excluding the weight of bagging and ties as indicated in footnote 2 of Table 1.
3. Multiply for each year the number of bales by the average net weight per bale to obtain the number of pounds of lint produced (Column A x Column B = Column C).
4. List for each year the acreage planted to cotton (Column D).
5. Divide for each year the pounds of lint in Column C by the acres in Column D to obtain the yield per acre for each year in Column E.
6. Indicate the cause of partial or complete crop failure for the year or years during which abnormally low yields were obtained (Column EE). Use brief terms such as: drought, storm, flood, hail, insects, etc.
7. Total Columns A, C, and D, except in the case of non-signers on farms on which cotton was planted in only three years or less of the base period. In such cases only Column D need be totalled and averaged. Do not total Columns B, E, and EE. Divide the totals of Columns A, C, and D by the number of years in which cotton was planted. The average for Column E will be obtained by dividing the average of Column C by the average of Column D, except in those cases in which an average yield is assigned by the Community Committee. The averages obtained in line 8, Columns C, D, and E, will then be transferred to line 8, of Columns F, G, and H.

For non-signers of 1934-1935 Cotton Contracts the computed averages in Columns C, D, and E, line 8 of Table 1, will be transferred by the County Committee to Columns F, G, and H of line 8. The County Committee will then adjust these figures, if necessary, in order that the adjusted averages for non-signers may be on a comparably equitable basis with those of the signers of 1934-1935 Cotton Contracts. All adjustments shall be made on an individual

basis, rather than by a blanket revision applied uniformly to all applications. The adjusted figures will be entered in Columns F, G, and H, line 9. Column F, line 10, will then be obtained by multiplying the total lint produced (Column F, line 9) by a percentage figure which will represent the average percentage of their adjusted base acreage that contract signers in the county are permitted to plant in 1934. In other words, if the average reduction made by contract signers amounted to 38 per cent of their adjusted base acreage, then the adjusted base production figures submitted by non-signers in Column F, line 9, will be multiplied by 62 per cent and the resultant figure entered in Column F, line 10. The percentage figure that will be used in each county to adjust the data submitted by non-signers will be furnished the County Committee by the State Allotment Board. This final adjustment will be made so that the allotment-basis acreage of non-signers in 1934 will approximate the average permitted cotton acreage of contract signers in the county under the terms of their contracts. The production data in Column F, line 10, will then constitute for each applicant the basis upon which he will receive a prorated share of the county allotment.

The computations necessary in determining the share of tax-exemption certificates to which each applicant is entitled will be made by the State Allotment Board, but the procedure that will be used is explained here for the information of Committeemen. The percentage of the county allotment that an operator may receive will be determined by the proportion that his individual allotment basis (Table 1, Column F, line 10) bears to the total allotment bases of all applicants in the county. If a producer's allotment basis amounts to the equivalent of 100 bales, for example, and the total allotment bases of all producers in the county amount to the equivalent of 1000 bales, then the individual producer will receive 10 percent of all the exemption certificates allotted to the county, excluding possible additional allotments from the cotton in the State reserve, which will be discussed later. If the equivalent of 800 bales of tax-exempt cotton are allotted to the county as its pro rata share of 90 per cent of the State allotment, then the operator used here for illustration will receive 10 per cent of 800, or an allotment of 80 bales.

In order to illustrate more concretely the manner in which Table 1 will be filled out, four illustrations of different cases are shown (Examples A, B, C, and D). The illustrations are self-explanatory and should be carefully studied by Committeemen before the actual work of receiving applications begins. These illustrations pertain to the procedure to be used in filling out Table 1 in the applications of operators who are not participants in the 1934-1935 Cotton Acreage Reduction Plan. In the case of producers who have signed 1934-1935 Cotton Contracts the same information as shown in Table 1, Columns A through E, of their contracts will be used.

Example A illustrates the case of non-signer operator making application covering a farm on which cotton was planted in all five years of the base period, but on which a complete crop failure occurred in the year 1929. In this case the averages in line 8 will be obtained by dividing the totals of Columns A, C, and D (line 7) by five. The years in which cotton was planted in the base period will be used regardless of whether any cotton was harvested or not. The County Committee found it necessary in this case to reduce the reported average yield by 30 pounds in order to place this figure on an equitable basis with the yield figures accepted in other applications in the county. The adjusted average production in Column F (line 9) was then multiplied by .61 in order to obtain the allotment basis in Column F (line 10). The factor .61 represents the average percentage of their adjusted cotton base acreage that contract signers in the county are permitted to plant in 1934.

EXAMPLE A - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 8 AND FOR CALCULATING THE ALLOTMENT BASIS ON A FARM ON WHICH COTTON WAS PLANTED IN ALL YEARS OF THE BASE PERIOD 1928-1932, BUT ON WHICH NO CROP WAS HARVESTED IN A PARTICULAR YEAR.

(Application for farm not covered by 1934-1935 Cotton Contract)

	(A) Bales Produced	(B) Average weight of lint per bale Pounds	(C) Total lint produced Pounds	(D) Acreage planted to cotton Acres	(E) Yield of lint per acre Pounds	(EE) Cause of partial or complete crop failure	For use of County Committee (Producer is not to fill in these spaces)		
							(F) Total lint produced Pounds	(G) Acreage planted to cotton Acres	(H) Yield of lint per acre Pounds
(1) 1933 (See note in Table 1, Form No. B. A. 8)									
(2) 1932	31	511	15,841	90	176				
(3) 1931	73	505	36,390	100	394				
(4) 1930	12	499	5,998	80	75	Drought			
(5) 1929	0	0	0	90	0	Hail			
(6) 1928	27	478	12,906	90	143				
(7) Totals	143	X X	74,135	450	X X	X X	14,827	90	165
(8) Averages	29.6	X X	14,827	90	165		12,150	90	135
(9) Adjusted averages (See note in Table 1, Form No. B. A. 8)							7,411		
(10) Allotment basis (See note in Table 1, Form No. B. A. 8)									

Note.--Obtain the averages in Columns A, C, and D by dividing the totals by 5. The average for Column E will be obtained by dividing Column C, line 8, by Column D, line 8.

Example B illustrates the case of a non-signer operator making application covering a farm on which cotton was planted during only four years of the base period, 1928-1932. In such a case the averages in line 8 will be obtained by dividing the totals in Columns A, C, and D (line 7) by four. It will be noted in this case that no adjustments were made by the County Committee in the figures reported by the applicant. Column F, line 9, was then adjusted to obtain Column F, line 10, as explained in Example A.

EXAMPLE B - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 3
AND FOR CALCULATING THE ALLOTMENT BASIS FOR A FARM ON
WHICH COTTON WAS PLANTED IN ONLY FOUR YEARS OF THE
BASE PERIOD 1923-1932.

(Application for farm not covered by 1934-1935 Cotton Contract)

	(A) Bales Produced	(B) Average Weight of lint per bale	(C) Total lint produced	(D) Acreage planted to cotton	(E) Yield of lint per acre	(EE) Cause of partial or complete crop failure	For use of County Committee (Producer is not to fill in these spaces)		
							(F) Total lint produced	(G) Acreage planted to cotton	(H) Yield of lint per acre
	Number	Pounds	Pounds	Acre	Pounds		Pounds	Acre	Pounds
(1) 1933 (See note in Table 1, Form No. B.A. 3)									
(2) 1932	30	470	14,100	84	168				
(3) 1931	0	0	0	0	0				
(4) 1930	21	475	9,975	30	125				
(5) 1929	10	460	4,600	90	51				
(6) 1928	28	473	13,384	100	144				
(7) Totals	89	X X	42,059	354	X X	X X			
(8) Averages	22.25	X X	10,515	88	119	X X	10,515	88	119
(9) Adjusted Averages (See note in Table 1, Form No. B.A. 3)							10,515	88	119
(10) Allotment basis (See note in Table 1, Form No. B.A. 3)							6,519		

Note: Obtain the averages in Columns A, C, and D by dividing the totals by 4. The average for Column E will be obtained by dividing Column C, line 8, by Column D, line 8.

Example C illustrates the case of a non-signer operator making application for a farm on which cotton was planted during three years of the base period, but through a misunderstanding the operator also submitted information for the year 1933. In such a case the information submitted for the year 1933 will be excluded from the computations and only the years during the base period, that is, 1928, 1929, and 1930, will be used in computing the operator's allotment basis. The total of Column D, line 7, will be divided by three in obtaining the average acreage planted to cotton during the three-year period and the average will be entered in Column D, line 8. Similarly, when cotton was planted during two years of the base period the base acreage will be the average of the two years. If cotton was planted in only one year of the base period, the base acreage will be the actual acreage planted that year. It will be noted that the other columns in this case are not totalled and averaged. In all such cases in which cotton was planted in three years or less of the base period, the Community Committee will assign a yield figure which will represent the average yield of cotton for land of similar character in the community. An adjustment in the yield was found necessary before the production figure in Column F, line 9, could be placed on an allotment basis that would be equitable in comparison with the allotment bases of signers of 1934-1935 Cotton Contracts in the county.

EXAMPLE C - INSTRUCTIONS FOR FILLING OUT TABLE I OF FORM NO. B.A.8 AND FOR CALCULATING THE ALLOTMENT BASIS FOR A FARM ON WHICH COTTON WAS PLANTED IN ONLY THREE YEARS OF THE BASE PERIOD 1928-1932; AND DATA FOR 1933 UNNECESSARILY SUBMITTED BY THE APPLICANT (Application for farm not covered by 1934-35 Cotton Contract)

	(A) Bales produced	(B) Average weight of lint per bale Pounds	(C) Total lint produced Pounds	(D) Acreage planted to cotton Acres	(E) Yield of lint per acre Pounds	(EE) Cause of partial or complete crop failure	For use of County Committee (Producer is not to fill in the spaces)			
							(F) Total lint produced	(G) Acreage planted to cotton	(H) Yield of lint per acre	Pounds
(1) 1933 (See note in Table I, Form No. B.A.8)										
(2) 1932										
(3) 1931										
(4) 1930	12	475	5700	38	150					
(5) 1929	16	480	7680	35	219					
(6) 1928	13	472	6214	42	148					
(7) Totals		X X		115	X X					
(8) Averages		X X	4750	38	125		4750	38		125
(9) Adjusted Averages (See note in Table I, Form No. B.A.8)							3800	38		100
(10) Allotment Basis (See note in Table I, Form No. B.A.8)							2280			

Note: Only Column D is totaled in this case. The average acreage is obtained by dividing the total by three. The average yield in Column E, line 8, is assigned by the Community Committee.

Example D illustrates the case of a non-signer operator making application for a farm on which cotton was produced in 1933 for the first time since 1927. The acreage and production information will be shown as indicated in line 1. The figure in Column D, line 1, representing the acreage planted to cotton, will then be transferred to line 8, Column D. As in the preceding illustration, the Community Committee will assign a yield figure representing the average yield of cotton for land of similar character in the community. This assigned yield figure will be entered in Column E, line 8. The average total lint produced (Column C, line 8) is obtained by multiplying Column D, line 8, by Column E, line 8. The County Committee's procedure in arriving at the allotment basis will be the same as that outlined in the discussion of Example A.

EXAMPLE D - INSTRUCTIONS FOR FILLING OUT TABLE I OF FORM NO. B. A. 3 AND
FOR CALCULATING THE ALLOTMENT BASIS FOR A FARM ON WHICH COTTON
WAS PLANTED IN 1933 FOR THE FIRST TIME SINCE 1927
(Application for farm not covered by 1934-1935 Cotton Contract)

	(A) Bales Produced	(B) Average Weight of lint per bale Pounds 481	(C) Total lint produced Pounds 6754	(D) Acreage planted to cotton Acres 60	(E) Yield of lint per acre Pounds 112	(F) Cause of partial or complete crop failure	For use of County Committee (Producer is not to fill in these spaces)			
							(F) Total lint produced	(G) Acreage planted to cotton	(H) Yield of lint per acre	(H) Pounds
(1) 1933 (See note in Table 1, Form No. B. A. 3)	Number 14									
(2) 1932	0	0	0	0	0					
(3) 1931	0	0	0	0	0					
(4) 1930	0	0	0	0	0					
(5) 1929	0	0	0	0	0					
(6) 1928	0	0	0	0	0					
(7) Totals		X X			X X					
(8) Averages		X X	3400	60	140		3400	60		140
(9) Adjusted Averages (See note in Table 1, Form No. B. A. 3)							6375	55		125
(10) Allotment Basis (See note in Table 1, Form No. B. A. 3)							4125			

Note: The acreage figure shown in Column D, line 3, will be the same as shown in Column D, line 1. The yield figure in Column E, line 5, will be assigned by the Community Committee. The computed average lint produced (Column C, line 8) will be obtained by multiplying the assigned yield (Column E, line 8) by the actual acreage (Column D, line 8).

The applicant operating a farm on which cotton has been planted in 1934 for the first time since 1927 will not insert any figures in Tables 1 and 2. The information for such applicants will be entered in Table 3.

Table 2

The information submitted in this table will be used in determining the basis, if any, upon which the operator will be entitled to share in the State cotton reserve under Sections 8 (a) and 8 (d) of the Act. Operators on farms having less than one-third of the cultivated land in cotton during the three years, 1930, 1931, and 1932, may receive a part of the State cotton reserve in addition to a share of the county allotment. A part of the State cotton reserve may also be received by operators of farms on which cotton acreage in 1930, 1931, and 1932 was voluntarily reduced to a point lower than might be considered necessary in carrying out a reasonable reduction program.

The first three lines of Table 2 will be filled out only by those operators on farms where cotton was planted during one or more of the years 1930, 1931, and 1932. The figures in the first three lines will be totalled in line 4, and the averages in line 5 obtained by dividing the totals by the number of years in which cotton was planted. Adjustments, if found necessary, will be made in line 6 by the County Committee. The information entered in line 7 will pertain to the year 1929, or, if no cotton was planted that year, to the latest year preceding 1929 in which cotton was planted. The information in line 8 will pertain to the year 1934 and will be filled out by all operators making application, regardless of whether or not cotton was planted during the other years shown in the table. The figures in lines 7 and 8 will not be included in the totals or averages shown in lines 4 and 5.

Table 3

The information in Table 3 will be submitted only by those operators on farms not used in cotton production since 1927. The operator on such a farm will not, of course, submit the information requested in Tables 1 and 2, nor will Table 3 be filled out by operators on farms on which cotton was grown during the base period. The operator will submit the necessary information called for in line 1, Columns A, B, and C. In Column D, the Community Committee shall assign a yield figure representing the average yield of cotton for land of similar character in the community. Column E will be obtained by multiplying the acreage planted to cotton, Column C, by the assigned yield figure shown in Column D. Lines 2 and 3 will be used by the County Committee in correcting and adjusting the operator's original figures, if such revisions are found necessary.

Section II. Oath and Signature

The operator will make oath in regard to the information submitted by him in the application form. He will then sign as operator in the space immediately below and to the right of the oath. A share tenant or cropper who operates an entire farm and submits a joint application with the landlord will sign in the space indicated immediately below and to the left of the oath. Such a tenant or cropper signing alone will also write the name of his landlord in the space on the right. In the case of an agent submitting an application in the name of an operator, the agent will write the name of the operator in the line indicated, and will then sign as "agent" on the line immediately below.

Two types of agents may act in a representative capacity in making application for allotments, and tax-exemption certificates. One type of agent may be authorized by letter or other informal document to submit application, but with the reservation that the tax-exemption certificates be issued to the person or persons represented by such an agent. The other type of agent may be authorized to submit application and also to receive in a representative capacity the tax-exemption certificates which otherwise would have been sent to the operator. The documentary authority submitted by the second type of agent will indicate the extent of his authority to act for the operator whom he represents and will be executed in the prescribed manner in Form No. B. A. 5.

County and Community Committeemen and other officials in the county concerned with the operation of the Cotton Act are authorized under an Act of Congress to administer oaths without charge to persons making application for tax-exemption certificates. The oath need not necessarily be administered by these officials, as any notary public or any other person who administers oaths may function in that respect. Most producers, however, may wish to avail themselves of the free service of administering the oath that can be rendered by committeemen. The person who administers the oath will sign his name and indicate his title on the line provided for that purpose.

Section III. Community Committee Certification of Application

The Community Committeeman who assists the operator in filling out his application form will certify here regarding his familiarity with the farm for which application is made and that he is satisfied that the representations made by the producer are in accord with the facts as they are known to him. The Community Committeeman will sign on the line indicated and will record the date on which the application is received.

Section IV. County Committee Certification of Application

At the close of each day or at such time as is convenient, the application forms approved by the Community Committees will be submitted to the County Committee for their examination and recommendations. The County Committee will consider each application with regard to statements made by the producer and will advise with the Community Committeeman who certified to the

application regarding any statements that the County Committee may consider in error. The County Committee will also check all computations made by the applicant and the Community Committeeman in order that the information submitted will be accurate before presentation to the State Board. When the County Committee approves the application, one member will certify to the application and to the certification of the Community Committee and will recommend that the Secretary of Agriculture assign an allotment to the producer on the basis of the statements contained in the application. The approval of the County Agent will also be indicated by his signature on the line provided for that purpose.

Section V. Summary of Application

The data submitted by the operator in his application for exemption certificates will be summarized by the State Allotment Board. It is highly essential that the data in the application forms be submitted in the manner recommended in order to avoid delays in the computing of individual allotments by the State Board. Any errors in the application forms will need to be corrected before the summary can be completed. In correcting these errors it may be necessary to send the application forms back to the County and to the Community Committeeman who assisted the operator in filling out his application. It is hoped, however, that there will be relatively few instances in which this will need to be done. The entire work involved in the computing of application summaries and in the tabulating of forms in connection with the making of reports to operators and to the Cotton Production Section will be handled by the State Allotment Board. This will relieve the County and Community Committees of much of the work that they otherwise would have to undertake, and hence leave them free to concentrate on the obtaining of information from the operators and the presentation of this information in the proper manner on the application forms.

BASIS FOR DIVIDING TAX-EXEMPTION CERTIFICATES BETWEEN LANDLORDS, SHARE TENANTS, AND/OR SHARE CROPPERS (Forms No.B.A.9 and B.A.10)

Form No. B.A.8, as explained in the foregoing, will contain the information which will serve as the basis for determining the total farm allotment. The farm allotment goes with the land and will be used as the basis for determining the number of exemption certificates that will be issued to producers on that farm. Form No.B.A.9 is a means of determining the distribution to the various producers on the farm, including landlord, share tenants, and share croppers, of the tax-exemption certificates issued on the basis of the farm allotment, and is an application submitted by the operator for himself and all other producers on the farm. Form No. B.A.10 provides the continuation sheets for Form No. B.A.9.

Forms No. B.A.9 and 10 provide for the obtaining of information from operators in such a manner that the proper division of exemption certificates may be made between a landlord and his various share tenants and/or share croppers according to the amount of cotton produced jointly with

each. As indicated on the forms, the landlord will be required to furnish the name and address of each share tenant and share cropper on the land that he operates. An estimate will then be made by the operator as to the normal production of cotton on the land worked by each tenant and/or cropper and on the land worked by the operator with his own labor or with wage hands. It is not necessary that the total estimated normal production shown on Forms No. B.A.9 and 10 be the same as the adjusted average production shown in Table 1 of Form No. B.A.8. The totals in Form No. B.A.9 may be greater or less than the adjusted average shown in Form No. B.A.8.

The percentage of exemption certificates issued to the farm that will go to each tenant and/or cropper and the landlord will be determined according to the ratio that the estimated normal production of cotton on the land operated by each tenant and/or cropper bears to the total estimated normal production on the farm. Likewise, the percentage of the exemption certificates issued to the farm that will be obtained solely by the landlord for the land worked with his own labor or hired labor will be determined according to the ratio that the estimated normal production of cotton on such land bears to the total estimated normal production of cotton on the farm. A description of the procedure that will be followed in filling out Form No. B.A.9 and its continuation sheets, Form No. B.A.10, will serve to indicate the manner in which the proration of certificates on the farm will be determined.

Beginning with Form No. B.A.9, the share of the crop that goes to each share cropper or tenant on the farm will be entered in Column A. The land planted to cotton in 1934 by the share cropper or share tenant will be entered in Column B. There will be entered in Column C the estimated yield of lint cotton per acre on the land worked by each share cropper or share tenant. This estimated yield will be based on the normal productivity of the land and not on the estimated yield that will be obtained in 1934. This estimated normal yield may be based on production data that the landlord may have available, but it is possible that in most cases this figure will be based largely on the landlord's knowledge of the various types of land operated by each share tenant or share cropper. Column D, representing the total production of lint cotton, will be obtained by multiplying Column B by Column C. The same procedure will be followed in connection with the land worked directly by the landlord with his own or hired labor. Columns E, F, G, and H will be computed by the State Allotment Board on the basis of the evidence submitted in this form and in Form No. B.A.8.

Form No. B.A.9 and its continuation sheets were devised primarily for use on farms where the applicant, who may be an owner, cash tenant or standing-rent tenant, deals directly or through an agent with the share tenants and croppers on the farm. Situations will occur, however, in which the operator may be a share tenant who in turn uses one or more share tenants or share croppers on the land that he operates. Again, tenants who rent land on a share basis from the operator may, in turn, sublet the land to others. In such cases the procedure used in filling

out Forms No. B.A.9 and 10 will be slightly different from that outlined above. The shares of the crop and of the farm allotment that go to each of the three interested parties must be shown. Each cropper's or tenant's name and address will be entered in the spaces indicated and the respective shares of the cropper, landlord, and tenant entered in Column A, as for example, "1/2-1/4-1/4." The State Allotment Board in such a case will insert the caption "tenant-operator" in the column on the extreme right and prorate the apportioned allotment (Column F) on the basis of the representative shares indicated in Column A. If the tenant-operator works land directly with his own or hired labor, the respective shares as recorded in Column A would read, for example, "0-1/4-3/4" in order for the State Board to effect a proration of the allotment between him and the landlord.

In filling out Forms B.A.9 and 10 to accompany applications from farms where tenant-operators are involved, the name of a tenant-operator will be listed first and the information for the crop which he farms with his own labor or wage labor inserted. Then the names of the tenants or croppers who have subrented from the tenant-operator will be listed and indented under the name of the tenant-operator and the information for their crops entered. When denoting, in Column A, the share of the crop to which each of the three parties (cropper, landlord, tenant-operator) is entitled, the share of the cropper will be entered first, the share of the landlord second, and the share of the tenant-operator third. For example, in the case of a "half-and-half" cropper renting from a "third-and-fourth" share-tenant, the shares would be listed "1/2-1/4-1/4" in Column A, Form No. B.A.9 or Form No. B.A.10, as indicating the respective shares of the cropper, landlord, and tenant-operator.

After listing each tenant-operator and his croppers, the applicant will insert the word "Total" in the columns for address, skipping that particular line before listing any additional names.

In case the share tenant who rents directly from the landlord has a crop which he works with the labor of his own family or with wage labor, his name, together with the information provided for, will be entered following the listing of the individuals previously named.

In order to illustrate more clearly the manner in which Forms No. B.A. 9 and 10 will be filled out, two illustrations of different cases are shown (Examples E and F). The illustrations are self-explanatory and may well be carefully studied by Committeemen before the actual work of receiving applications begins. Example E illustrates the procedure to be used in the case of a farm on which no tenant operator is involved. Example F, on the other hand, illustrates the case of a farm on which share-tenants rent from a landlord and then sub-rent to croppers or to other share tenants.

The information submitted in Form No.B.A.9 and its continuation sheets, Form No.B.A.10, will be sworn to by the operator making application in the same manner as was done in connection with the application, Form No. B.A.8. The continuation sheets will be sub-totaled and the summation of these sub-totals brought forward to Form No.B.A.9, on which oath is made. If Form No.B.A.9 is used it will be attached, together with its continuation sheets, to Form No.B.A.8 and submitted to the County Committee.

As specified in the Administrative Regulations pertaining to the making of farm allotments, the operator of a farm on which one or more tenants or croppers produce cotton on a share basis in 1934 will be required to post the information submitted by him in Forms No. B.A.9 and 10 on the farm in such manner and place that the tenants may readily examine it. The forms will be made out in triplicate at the time the application is made and a copy of each retained by the operator. The copy retained by the operator may be used for posting in the manner prescribed in the Administrative Regulations.

Example E - Method of filling out Form No.D.A.9 for farm on which share tenants and share croppers rent land on share basis from the operator, who also produces cotton with his own or hired labor.

Operator James Smith

Application

Serial No. 715

1934-1935 CONTRACT

Serial No. 321

STATE.TEXAS.COUNTY.BRAZORIA.

THIS APPLICATION FOR ALLOTMENT AND TAX-EXEMPTION CERTIFICATE(S) MUST CONTAIN THE INFORMATION ASKED FOR BELOW FOR WAGE COTTON AND FOR EACH SHARE CROPPER, TENANT, OR OTHER PERSON WHO WILL PRODUCE COTTON ON A SHARE BASIS IN 1934 ON THIS FARM.

Name	Address	(A) Ten- ant's part of crop	(B) Land planted to cotton	(C) Esti- mated yield of lint cotton per acre	(D) Total esti- mated pro- duction of lint cotton	
		(share)	(Acres)	(Pounds)	(Pounds)	Section of Table reserved for use of State Allotment Board. Not shown for lack of space.
Oscar Page	Steele Store	1/2	15	200	3000	
Pink West	Steele Store	1/2	12	180	2160	
Newt Jones	Easter	3/4	20	175	3500	
James Smith	Easter	0	25	200	5000	
Total for farm		xxx	72	190	13660	

Example F - Method of filling out Form No.B.A.9 for farm on which share tenants rent from landlord and, in turn, sub-rent to other tenants and/or croppers.

JOHN TIMMS
(Operator)

Application
Serial No. 430
1934-1935
Contract
Serial No. 751

STATE Mississippi COUNTY Madison

THIS APPLICATION FOR ALLOTMENT AND TAX-EXEMPTION CERTIFICATE(S) MUST CONTAIN THE INFORMATION ASKED FOR BELOW FOR WAGE COTTON AND FOR EACH SHARE CROPPER, TENANT, OR OTHER PERSON WHO WILL PRODUCE COTTON ON A SHARE BASIS IN 1934 ON THIS FARM

NAME	ADDRESS	(A) TENANT'S PART OF CROP (Share)	(B) LAND PLAN- TED TO COT- TON (Acres)	(C) ESTIMA- TED YIELD OF LINT COT- TON PER ACRE (Pounds)	(D) TOTAL ESTIMA- TED PRO- DUCTION OF LINT COTTON (Pounds)	
Pete Neff	Pickens R#2	0-1/4-3/4	12	210	2520	Section of Table reserved for use of State Board not shown for lack of space
Bud Nix	"	1/2-1/4-1/4	5	160	800	
Bert Guy	"	1/2-1/4-1/4	8	215	1720	
Totals for Pete Neff						
Roy Gaines	Myra R#1	0-1/4-3/4	14	190	2660	
Jim Garver	"	1/2-1/4-1/4	7	180	1260	
Ed Rowe	"	3/4-1/4-0	6	140	840	
Totals for Roy Gaines						
Joe Davis	Pickens R#2	3/4-1/4-0	21	185	3885	
John Timms	"	0-1-0	28	200	5600	
Totals for Farm			101	191	19285	

General

As explained in the foregoing, all applications for individual allotments and tax-exemption certificates will be made in triplicate. The original copy of each form will be sent to the State Allotment Board at the address that will be designated by the Director of Extension in each State. The second copy, as indicated, will be retained in the county office, and the third copy kept by the operator making the application.

After an application is checked and approved by the County Committee, the State and County code will be stamped in the upper right-hand corner of page 1. Each application will then be assigned a serial number according to the township or other county subdivision from which it originates. Each township or other subdivision in the county will be assigned a different letter. The applications received within the township will then be designated by letter and serially-numbered according to the order in which they are approved by the County Committee. Smith Township, for example, may have been assigned the letter A. The third application from Smith Township that is approved by the County Committee will, therefore, receive the serial number A-3. In the case of contract signers, a 1934-1935 Cotton Contract serial number will already have been indicated before the applicant was contacted, but the application serial number will not necessarily be the same as the contract serial number.

The original copies of the approved and serially-numbered applications will be sent currently to the State Allotment Board. The county work should be so organized that the applications will begin to flow into the State Office shortly after the field work begins. The applications may be sent in each day, but with the exception of the final shipment no less than 100 applications should be sent at one time. A letter of transmittal should be sent under separate cover to the State Board when the applications are forwarded, and this letter should specify the serial numbers on the applications sent to the Board, as, for example, A-10 to A-60, C-25 to C-100, etc.

The applications sent to the State Board will be grouped by townships and arranged according to serial number. A record will be kept in the county office of the name and serial number on each application sent to the State Board. Packages of 4 pounds or less may be sent by mail; packages weighing more than 4 pounds will be sent by express.

If an operator who submitted an application for an allotment and tax-exemption certificates changes his legal relation to the farm or to the crop before receiving his certificates, it will be necessary that Form No. B. A. _____ be submitted to the State Allotment Board in order that the tax-exemption certificates which otherwise would have been sent to him may be assigned to the person who purchased or otherwise has possession of the legal rights to the tax-exemption certificates. This form will also be submitted in the case of death of the operator who made the application for exemption certificates.

PART VI. COTTON HARVESTED IN 1934 BUT NOT
COVERED BY EXEMPTION CERTIFICATES

There is no restriction under the Act as to the amount of cotton that any producer may grow and harvest; however, he will be subject to a tax on all cotton ginned in excess of his farm allotment. The tax becomes due on excess cotton at the time that bale tags are obtained for such cotton.

Cotton harvested during a crop year with respect to which the tax is in effect will, when ginned, be subject to the tax even though the ginning occurs after the expiration of such crop year. Such cotton may be stored in the seed, but bale tags will have to be obtained before this cotton can be sold, regardless of the year the sale occurs. Seed cotton harvested during a crop year with respect to which the tax is in effect shall not be exported from the United States (or any possession thereof to which this Act applies) to any possession of the United States to which this Act does not apply, or to any foreign country.

A producer may, if he fills out and signs G. T. Form 106 A (Bureau of Internal Revenue), remove his cotton from the gin and store it on the farm or at such other place as may be permitted under the regulations set up for the administration of the Act without paying the tax at the time of ginning. G. T. Form 106 A will show (1) the ginner's name, (2) the name and address of producer, (3) the place where the cotton was produced, (4) the date on which the cotton was ginned, (5) the place where the lint cotton is to be stored, (6) the number of bales of lint cotton and weight of lint cotton contained in each bale, and (7) the serial number of the lien card attached to each bale. One copy of this form shall be attached to the return filed for the month within which the ginning was done, one copy shall be retained by the ginner, and the third copy shall be retained by the producer.

The producer will be required to present his copy of G. T. Form 106 A when he applies for bale tags to the Collector of Internal Revenue for the district in which the cotton is located. Bale tags may be obtained for any part or all of such cotton at any time after ginning (1) upon the payment, to the Collector of Internal Revenue for the district, of the amount of tax which would have been payable at the time of ginning, or (2) upon the surrender of an equivalent amount of tax-exemption certificates.

Until bale tags are secured, all cotton on which the tax has been postponed will be subject to a lien in favor of the United States for the amount of the tax. During the time such cotton is under lien to the United States, any person who transports (except to the place of permitted storage), sells, purchases, or opens any such bale of cotton before a bale tag issued under the Act is attached thereto is liable to a fine not exceeding \$1,000 or to imprisonment for not exceeding six months, or both. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe regulations providing for the keeping of records and attaching lien cards to the containers of such cotton so as to indicate the time of ginning, the weight of such cotton, and the amount of tax payable with respect thereto.

No person shall (1) transport beyond the boundaries of the county where produced any lint cotton to which a bale tag issued under this Act is not attached, except for the purpose of storing or warehousing as provided for in Section 4 (f) of the Act, or (2) sell, purchase, or open any bale of lint cotton to which a bale tag issued under this Act is not attached, except as may be permitted by regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury.

PART VII. TAX-EXEMPTION CERTIFICATES AND THEIR USE

Tax-exemption certificates will be issued only to cotton producers making application for and establishing the right to exemption from the tax. The certificate consists of a series of coupons. There are 1,000 coupons of 5 pounds each or a total of 5,000 pounds in each full certificate. They are printed in one long strip having 100 lines with 10 coupons or a value of 50 pounds to the line. The coupons begin at five near the point at which the strip is attached to the cover and increase in number until the total of 5,000 pounds is reached. The certificate has a heading in which will be entered the name of the person(s) to whom issued and the application serial number of the farm for which an allotment and exemption certificate were obtained. A certificate may be used only by the person(s) to whom it was issued (or transferred pursuant to regulations to be hereafter prescribed). Any coupon detached from the certificate will be worthless if torn off by any person other than a ginner or an authorized agent of the Government. Persons receiving tax-exemption certificates should take care of them as they are valuable and no provision is made to replace one that is lost, stolen, or destroyed.

When a farmer has a bale of cotton ginned and weighed he will present his gin ticket together with his exemption certificate to the ginner. The ginner will tear out an amount of coupons from the certificate equal to the net weight of lint cotton in the bale and attach securely to the bale a tag (furnished by the United States Commissioner of Internal Revenue) which will identify it in the future as tax-exempt cotton or as cotton on which the tax has been paid. The net weight of lint per bale will be the gross weight less the weight of the bagging and ties. Care should be taken in detaching coupons to see that the number of pounds torn from the certificate corresponds to the net weight of the bale.

Provision is being made for the transfer and assignment in whole or in part of tax-exemption certificates under the supervision of the County Cotton Production Control Association. Regulations and instructions pertaining to the manner and conditions under which transfers and assignments may be made are being prepared and will be issued in the near future.

APPENDIX

A copy of the Act will be included in a printed publication that will follow this mimeographed report.

PART VIII. INSTRUCTIONS IN PARTICULAR CASES

Instructions of vital importance that pertain to the procedure that will be followed in receiving and preparing data in applications on Form No. B. A. 8 are included here for the special consideration of Committeemen. These special instructions are:

1. Determination of base period. The base period that will be used in determining farm allotments will comprise the years 1928-1932. Operators who have signed 1934-1935 Cotton Acreage Reduction Contracts will be assigned a base period which will include the same years for which their base acreage and production were computed on their contracts.

Farms not covered by 1934-1935 Cotton Contracts and on which cotton was planted in any of the years 1928-1932 will use as their base the years during that period in which cotton was planted. If, for example, cotton was planted on such a farm in 1932 and 1933, data for the year 1933 shall be excluded in determining the allotment basis for the farm. If cotton was planted during four or five of the years in the base period, the actual acreage and production during each year shall be averaged in determining the allotment basis for the farm. If cotton was planted three years or less during the period 1928-1932, the base acreage shall be the average acreage planted to cotton if such planting occurred during two or three years; the actual acreage in cotton shall constitute the base acreage in those cases in which cotton was planted in only one year of the base period. The base production in the case of a farm on which cotton was planted three years or less during the base period shall be determined on the basis of a yield figure to be assigned by the Community Committee. In the case of a farm on which cotton was planted in 1933 for the first time, the planted acreage for such year multiplied by a yield figure assigned by the Community Committee shall constitute the base production from which an allotment basis for the farm will be computed. In the case of a farm on which cotton was planted in 1934 for the first time, the planted acreage for such year multiplied by a yield figure assigned by the Community Committee shall constitute the basis from which an allotment basis for the farm will be computed.

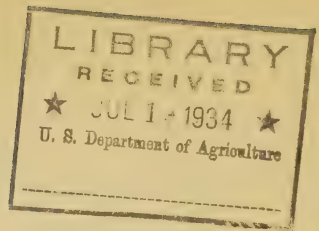
2. Non-Signers with three acres in cotton or less. Operators on farms with an average of three acres or less in cotton during the base period 1928-1932 were not encouraged to sign 1934-1935 Cotton Acreage Reduction Contracts. The base acreage used in computing the allotments of such operators shall be the three acres or less in cotton that were planted on the farm during the base period. If less than three acres are planted to cotton in 1934, however, the actual planted acreage in 1934 multiplied by an average or assigned yield figure will constitute the allotment basis.

3. Farms on which the average yield of lint cotton per acre during the period 1928-1932 averaged less than 75 pounds per acre. Operators on such farms who would have signed 1934-1935 Cotton Contracts but for the fact that they were ineligible to participate because their average yield during the period 1928-1932 was less than 75 pounds per

acre shall receive an allotment based on (a) the average acreage multiplied by the average or assigned yield on such farms during the base period, plus (b) such allotment as these farms are entitled to under Section 8 of the Act.

4. Elimination of abnormal year or years by individuals in making application for part of State cotton reserve under Section 8 (c) of the Act. Operators of cotton farms in counties in which one or more years were excluded in computing the county allotment shall not receive an allotment under Section 8 (c) based on the exclusion of the same year or years excluded for the county.

5. Provision for minimum basis upon which allotments will be made to non-signers of 1934-1935 Cotton Contracts. A farm not covered by a 1934-1935 Cotton Acreage Reduction Contract on which cotton is being produced in 1934 shall not, if cotton has been grown on such farm during the period 1928-1932, receive an allotment basis which is less than 40 percent of the acreage planted to cotton on such farm in 1933 (or if no cotton was planted in 1933 then the latest year in the period 1928-1932 in which cotton was planted) multiplied by the average or assigned yield of cotton for such farm.



INSTRUCTIONS AND REGULATIONS PERTAINING

TO THE COTTON ACT OF APRIL 21, 1934

For the use of Extension Agents, County Committeemen,
Community Committeemen, and others concerned with the
operation of the provisions of the Act to be adminis-
tered by the Secretary of Agriculture.

(Preliminary-Revised)

(Revision of draft of preliminary
instructions and regulations issued
under date of June 25, 1934.)

COTTON PRODUCTION SECTION

COMMODITIES DIVISION, AGRICULTURAL ADJUSTMENT ADMINISTRATION

JULY 7, 1934.

FOREWORD

A limited number of mimeographed copies of preliminary draft instructions and regulations pertaining to the operation of the Cotton Act of 1934 were issued under date of June 25, 1934, for use at regional meetings held in the Cotton Belt. These preliminary draft instructions and regulations have been revised and elaborated at various points and are presented here pending their availability, in the near future, in printed bulletin form.

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INSTRUCTIONS AND REGULATIONS PERTAINING
TO THE COTTON ACT OF APRIL 21, 1934

* * * * *

For the use of Extension Agents, County Committeemen, Community Committeemen, and others concerned with the operation of the provisions of the Act to be administered by the Secretary of Agriculture.

* * * * *

INTRODUCTION.

The primary purpose of the Cotton Act of April 21, 1934, commonly known as the "Bankhead Act", is the restoration of the cotton industry to a sound commercial basis by creating an effective balance between the production and consumption of cotton. This balance between production and consumption can only be brought about by reducing current production, in order that consumption may reduce to a normal level the supply of cotton that is now depressing prices received by producers. These objectives of the Act are identical with those of the 1934-1935 Cotton Acreage Reduction Plan, with which cotton producers are familiar.

Many cotton producers have felt that the 1934-1935 Cotton Acreage Reduction Plan needed to be supplemented in order to compel the cooperation of those producers who refused to participate in the plan. The non-cooperators have in many cases pursued a course of maintaining or even expanding their cotton production at the same time that reductions were being made by cooperators who acted for the best interests of the industry. The Cotton Act of 1934, therefore, is in the nature of insurance that the objectives of the voluntary acreage reduction plan will be attained, in that all producers will be compelled to cooperate in the efforts being made to decrease the burdensome supply of cotton, increase the price, and thereby relieve the economic emergency that exists throughout the Cotton Belt.

The Cotton Act of 1934 was not enacted into legislation until a thorough canvass was made of the opinion of cotton producers regarding the desirability of legislation designed to assure the cooperation of all producers in cotton reduction plans. In January, 1934, the Secretary of Agriculture sent more than 40,000 questionnaires to representative cotton producers requesting their opinion regarding legislation, then pending in Congress, designed to limit within an estimated market demand the amount of cotton that could be produced in any one year. Approximately 95 percent of the 25,000 answers made to the questionnaire were favorable to compulsory control of cotton production to compel all producers to cooperate in cotton adjustment programs. The preferences of producers as between the various plans suggested were about equally divided. The provisions of the Cotton Act as finally approved by Congress represent a plan that meets with the approval of the majority of cotton producers heard from in the questionnaire survey.

Individual cotton producers should acquaint themselves with the various provisions of the Act in order that a complete understanding of the method of operation may permit its functioning with the least possible delay. It is only on a basis of understanding and united cooperation that the objectives of the Act can be realized. Individual producers themselves will largely be responsible for the ultimate success or failure of the plan, and their cooperation is earnestly solicited in attaining the objectives of a plan that was designed for their benefit. The success of the 1933 and of the 1934-1935 Cotton Acreage Reduction Plans was directly attributable to the whole-hearted manner in which cotton producers responded to the emergency situation caused by ruinously low cotton prices. Cotton prices have increased materially as a result of the responsive cooperation of cotton producers to the plans that have been submitted to them. Considerable ground has yet to be covered, however, before satisfactory cotton prices are obtained, and it should be the responsibility of every producer to cooperate as fully in the operation of the plan involved in the Cotton Act as was done in connection with the voluntary acreage reduction plans.

The Cotton Production Section of the Agricultural Adjustment Administration has been designated by the Secretary of Agriculture as the agency within the Department of Agriculture which primarily has been charged with the administration of those provisions of the Cotton Act of 1934 which the Secretary of Agriculture is to administer. The Bureau of Internal Revenue is charged with the administration of the tax provisions of the Act. It is intended that the operation of the Act will be superimposed onto the 1934-1935 Cotton Acreage Reduction Plan that is now being carried out. Producers who participate in the 1934-1935 Cotton Plan will receive the benefit payments to which they are entitled under the terms of their contracts.

The purpose of this publication is to fill the need that will be felt in the cotton counties for information regarding the Cotton Act, and to outline the procedure that will be used in administering the various provisions of the Act for which the Secretary of Agriculture is responsible. The information contained in the following chapter, entitled "Summary of the Act," gives a picture of the main provisions of the Act that directly affect cotton producers. Subsequent chapters give a more detailed presentation of the various provisions of the Act that will be administered by the Cotton Production Section, and the manner in which these provisions will be carried out.

The provisions of the Act that will be administered by the Bureau of Internal Revenue are covered in a separate list of regulations issued by that Bureau. A copy of these regulations may be obtained at the county agent's office or by writing to Local Collector of Internal Revenue or to the Bureau of Internal Revenue, Washington, D. C.

Part I. SUMMARY OF THE COTTON ACT OF 1934

PURPOSE

The purpose of the Act is to relieve the economic emergency in the cotton industry, to promote the orderly marketing of cotton, and to raise revenue for paying additional benefits under the Agricultural Adjustment Act.

PERIOD OF APPLICABILITY

The Act is in effect only for the crop year beginning June 1, 1934, and ending May 31, 1935. The President may, however, proclaim the Act in effect for the crop year 1935-1936 if the economic emergency in cotton production and marketing continues. If the President makes such a proclamation, the tax provided for by the Act will come into effect only if the Secretary of Agriculture finds that two-thirds of the persons who have the right as owner, tenant, share cropper or otherwise to produce cotton favor the levy of the tax and if he finds that the tax is necessary to carry out the policy of the Act. If the Act and the tax are to be in effect for a second crop year, the Secretary of Agriculture shall proclaim at least sixty days before June 1, 1935, the number of bales that may be ginned exempt from the tax during the crop year 1935-1936.

TAX AND EXEMPTIONS

The tax on the ginning of cotton is levied at the rate of fifty per centum of the average central market price per pound of seven-eighths inch middling spot cotton, but in no event less than five cents per pound of lint cotton. If the cotton was harvested during a crop year when the tax is in effect, the tax shall apply even if the ginning is done after the expiration of such crop year. The Secretary of Agriculture shall proclaim the average central market price for lint cotton which is to be used as the base for determining the rate of the tax.

Ginners and other persons liable for the tax shall make monthly returns under oath in a manner prescribed by the Commissioner of Internal Revenue and pay the tax when due without notice from the Collector. If the tax is not paid when due there will be added a penalty of one per centum per month from the date due until paid.

No tax shall be imposed under this Act with respect to: (1) Cotton harvested prior to the crop year 1934-1935; (2) cotton harvested by any publicly-owned experimental station or agricultural laboratory; (3) cotton having a staple of one and one-half inches in length or longer; and (4) an amount of cotton harvested in any crop year from each farm equal to its allotment.

The payment of the tax-on-cotton to be stored may be postponed at the time of ginning, but shall be paid at the time when bale tags are obtained for such cotton. Such cotton may be stored on the farm or at such other place as may be permitted by regulations prescribed by the Secretary of Agriculture and the Secretary of the Treasury. Until the tax is paid on such cotton, it shall be subject to a lien in favor of the United States.

A producer of cotton desiring to obtain tax-exemption certificates must file application, under oath, on forms supplied by the Secretary of Agriculture. (See regulations in Part II of this publication.)

Exemption certificates specifying the amount of cotton exempt from the tax shall be issued upon application for same to producers who are entitled to them. (See regulations in Part II of this publication.) Exemption certificates may be transferred or assigned in such manner as the Secretary of Agriculture may prescribe.

Tax-paid or tax-exempt cotton harvested during the 1934 crop year shall be identified by bale tags affixed under regulations prescribed by the Commissioner of Internal Revenue. Cotton harvested prior to the crop year 1934 that is ginned after May 31, 1934, shall also be tagged under regulations prescribed by the Commissioner of Internal Revenue. Cotton harvested and ginned prior to the crop year 1934 shall be tagged in accordance with regulations prescribed by the Secretary of Agriculture under authorization from the Commissioner of Internal Revenue.

APPORTIONMENTS FOR CROP YEAR 1934-1935

United States Allotment. - Ten million bales of 500 pounds net weight per bale is fixed as the maximum amount of cotton of the crop harvested in the crop year 1934-1935 that may be marketed exempt from tax. Cotton of one and one-half inch staple length or longer and cotton harvested by publicly-owned experimental stations or laboratories will, however, be exempt from taxation and will be additional to the allotment of ten million bales.

State Allotments. - The number of bales in a State that may be ginned and marketed exempt from the tax shall be determined by the ratio of the average number of bales produced in each State during the five crop years 1928-1932 to the average number of bales produced in all the States during the same period. Any State, however, in which two hundred and fifty thousand bales have been produced in any one year of the five years prior to the date of the passage of the Act shall receive an allotment of not less than two hundred thousand bales. California and Missouri are the only States affected by this provision.

County Allotments. - Not less than ninety per cent of the amount of tax-exempt cotton allotted to a State shall be apportioned to the counties in the State in a manner similar to the apportionment as made between States. If, however, the production in any county was abnormally low for one or more years

of the base period due to unusual and uncontrollable natural causes; such years will be excluded in determining the average production for that county.

Individual Farm Allotments. - The amount of cotton allotted to any county for the crop year 1934-1935 shall be apportioned within the county to farms on which cotton is planted in 1934 and on which cotton has been grown at some time during the period 1928-1933.

Exceptional Cases. - Not to exceed ten per cent of the allotment to each state shall be allotted (a) to producers of cotton on farms where for the crop years 1930, 1931 and 1932, less than one-third of the cultivated land on such farms has been planted to cotton; (b) to producers of cotton on farms not previously used in cotton production; (c) to producers of cotton on farms where for the five years 1928-1932 normal production has been reduced by uncontrollable natural causes; and (d) to producers on farms where for the crop years 1930, 1931 and 1932, acreage theretofore planted to cotton has been voluntarily reduced below the amount which the Secretary finds would have been an equitable reduction in carrying out a reasonable reduction program.

MISCELLANEOUS

All persons having information with respect to cotton produced may be required to supply such information to the Commissioner of Internal Revenue.

No person shall transport, sell, purchase or open any bale of lint cotton to which a bale tag is not attached, except as may be permitted by regulations prescribed by the Commissioner of Internal Revenue.

Seed cotton harvested during any year with respect to which the tax is in effect cannot be exported.

The Secretary of Agriculture and the Commissioner of Internal Revenue are authorized to make such regulations as may be necessary to carry out the provisions of this Act.

This summary does not cover all of the details of the Act. A copy of the Act in its entirety is included in the appendix to this publication.

PART II

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

REGULATIONS UNDER THE COTTON ACT OF APRIL 21, 1934
GOVERNING ALLOTMENTS AND TAX-EXEMPTION CERTIFICATES

United States Department of Agriculture,
Office of the Secretary.

By virtue of the authority vested in the Secretary of Agriculture by the Act approved April 21, 1934, entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Congress, as amended by Public Resolution No. 45 approved June 20, 1934), I do make, prescribe, publish, and give public notice of the following regulations, governing allotments and tax-exemption certificates, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.

(S E A L)

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed at the City of Washington this _____ day of July, 1934.

Secretary of Agriculture.

ARTICLE I. DEFINITION OF TERMS USED IN THESE REGULATIONS

Sec. 1. The term "share cropper" shall mean any person engaged in the production of cotton whose labor is paid for by (1) a share of the cotton produced by him or (2) a share of the proceeds of the cotton produced by him, in either case whether such share is subject to deductions or not. A "share cropper" usually furnishes only the labor incident to the production and harvesting of cotton and usually receives one-half of the crop or one-half of the proceeds of the crop.

Sec. 2. The term "share tenant" shall mean any person, commonly known as a share tenant, engaged in the production of cotton who pays rent for the land he farms by (1) a share of the cotton produced on such land or (2) a share of the proceeds of the cotton produced on such land. A "share tenant" usually furnishes the labor, animals, and equipment incident to the production and harvesting of cotton and usually

pays as rent one-third of the grain crops and one-fourth of the cotton crop or one-third of the proceeds of the grain crops and one-fourth of the proceeds of the cotton crop.

Sec. 3. The term "standing-rent tenant" shall mean any person who rents land as a tenant and pays as rent a fixed quantity of products.

Sec. 4. The term "landlord" shall mean any person who hires labor in the production of cotton or rents land to another and (1) pays as wages a share of the crop or a share of the proceeds of the crop or (2) receives as rent a share of the crop or a share of the proceeds of the crop.

Sec. 5. (a) The term "farm" shall, in the case of land covered by 1934-1935 Cotton Acreage Reduction Contracts, mean the land covered by any single one of such contracts.

(b) In the case of land not covered by 1934-1935 Cotton Acreage Reduction Contracts, the term "farm" shall mean (1) any land used in the production of cotton within a county under the same ownership plus any land within such county rented for cash or standing rent to such owner(s), provided all such land is operated from the same farming headquarters (i.e., dwelling house, barns, etc.,) or (2) any land used in the production of cotton within a county rented to the same person(s) for cash or standing rent and operated from the same farming headquarters (i.e., dwelling house, barns, etc.,). (See exception set forth in section 24.)

Sec. 6. The term "producer unit" shall mean any tract of land (whether a whole farm or a subdivision thereof) on which cotton is produced which is operated by (1) a share tenant without the aid of any share cropper, or (2) a share cropper, or (3) the owner, cash tenant, or standing-rent tenant, with his own labor or with hired labor other than share croppers.

Sec. 7. The term "Act" shall mean the Act entitled "An Act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" approved April 21, 1934 (Public, No. 169, 73d Congress), as amended by Public Resolution No. 45, approved June 20, 1934.

Sec. 8. The term "Secretary" shall mean the Secretary of Agriculture of the United States.

Sec. 9. The term "certificates" shall mean the tax-exemption certificates (including the interim certificates) issued by the Secretary under the Act.

Sec. 10. The term "Assistant in Cotton Adjustment" shall mean the official in each cotton-producing county so designated by the Secretary.

Sec. 11. The term "County Committee" shall mean the persons who compose the committee so designated, established in any cotton-producing county pursuant to a document entitled "Articles of Association of The Cotton Production Control Association" (Form No. Cotton-3), approved by the Secretary, plus such emergency member or members as the other members may determine are necessary and may designate with the approval of the County Agent for such county.

ARTICLE II. BASES OF DETERMINING ALLOTMENTS OF TAX-EXEMPT COTTON

Sec. 21. Determination of base production, allotment basis and allotments.

(a) Each allotment of tax-exempt cotton shall be expressed in net pounds of lint cotton. The State Allotment Board shall determine each such allotment by applying to the producer's allotment basis such percentual figure as is required to be used in order to issue to each producer his pro rata share of certificates under the Act. The allotment basis shall be the figure expressed in net pounds of lint cotton arrived at in accordance with the procedure prescribed in these regulations and indicated on the prescribed form of application (Form No. B.A. 8). In no case shall the amount of the certificates issued in respect of a farm exceed the amount of lint cotton expressed in the adjusted average production of cotton ascertained for the period covered in the application for an allotment to such farm (Form No. B.A. 8, Column F, line 9).

(b) In the case of a farm covered by a 1934 and 1935 Cotton Acreage Reduction Contract, the allotment of tax-exempt cotton to such farm shall be calculated on a base period comprising the same crop years included in computing the cotton acreage and production in such contract. The allotment basis under section 7 of the Act shall be the number of pounds of lint cotton obtained by multiplying the number of acres permitted to be planted in 1934 by the adjusted average yield per acre on such farm for such base period. The figures as to acreage and adjusted average yield shall be those obtained from Columns 12 and 7 of the Producers Notice of Acceptance or in its absence from items (g) and (c) of Section VIII of his contract, except in any case in which the producer demonstrates to the satisfaction of his County Committee that the actual facts as to his acreage and yield are not correctly shown in his Notice of Acceptance or contract, in which event the County Committee shall determine the acreage and adjusted average yield on the basis of all facts submitted to it.

(c) In the case of a farm which is not covered by a 1934 and 1935 Cotton Acreage Reduction Contract but on which cotton has been planted in the crop year 1934-1935 (and is in cultivation as specified in section

41 of these regulations) and on which cotton was grown in any of the years 1928 to 1932, inclusive, such allotment basis under section 7 of the Act

(i) shall be calculated on a base period comprising the year or years during such period 1928-1932 in which cotton was planted on such farm as specified below, and

(ii) shall in no case be less than forty per centum of the acreage planted to cotton on such farm in the year 1932 (or, if cotton was not planted thereon in 1932, then the latest year in the period 1928-1932 in which cotton was planted thereon) multiplied by the average or assigned yield for such farm, and

(iii) shall be calculated on the averages (of total lint produced, acreage planted to cotton, and yield of lint per acre) for such base period after such averages have been adjusted by the County Committee to conform to all adjustments made in such county in supervising 1934 and 1935 Cotton Acreage Reduction Contracts and after such adjusted average production has been multiplied by a percentual figure which will represent the average percentage of their adjusted base acreage that contract signers in such county are permitted to plant in 1934, but in no event shall such percentual figure be less than sixty per centum.

And if cotton was planted on such farm--

(1) in five years or four years of such base period, the base acreage shall be determined by averaging the actual acreage planted to cotton in such years and the base production shall be determined by averaging the actual production for such years;

(2) in three years or two years of such base period, the base acreage shall be determined by averaging the actual acreage planted to cotton in such years and the base production shall be determined on the basis of an average yield assigned by the appropriate Community Committee as a fair and equitable average yield for land of similar character in the particular community for the years 1928-1932;

(3) in only one year of such base period (regardless of whether or not cotton was planted in a year or years later than such base period), the base acreage shall be the actual acreage planted to cotton in such year and the base production shall be determined on the basis of an average yield similarly assigned.

Nothing contained in this subsection (c) shall apply to the cases dealt with in section 22 of these regulations.

(d) In the case of a farm which is not covered by a 1934 and 1935 Cotton Acreage Reduction Contract and on which cotton was not grown in any of the five years 1928 to 1932 but on which cotton has been planted for the first time since the year 1927 in either the year 1933 or 1934, the allotment basis shall be computed from a base production found by multiplying the actual number of acres planted to cotton in such year by an average yield assigned as prescribed in paragraph (2) of subsection (c) above, and such base production shall then be adjusted in the several

respects set forth in paragraph (iii) of subsection (c) above in each case in which the producer grew cotton in the year 1933, and thereafter the State Allotment Board shall determine the respective fair and equitable percentual figures to be applied in each county to such allotment bases of (1) those who so produced cotton in both 1933 and 1934 and (2) those who so produced cotton only in 1934, in order to arrive at their individual allotments under section 8 (b) of the Act, and in making such determinations shall permit such classes to receive under said subsection only their fair share of certificates as ascertained after considering the claims of the other producers making application under the other three subsections of said section.

Sec. 22. Small acreage or low yield. (a) In the case of a farm which is not covered by a 1934 and 1935 Cotton Acreage Reduction Contract and on which the average acreage planted to cotton during those years in the base period 1928-1932 during which cotton was grown was three acres or less but on which some cotton was grown during at least one year of such period, the allotment basis shall be the average acreage planted to cotton (in those years during such period in which cotton was planted) multiplied by the average yield per acre for such years, except that if less than three acres are actually planted to cotton in the year 1934 then the allotment basis shall be the actual acreage so planted in 1934 multiplied by the average yield per acre as adjusted by the appropriate County Committee or assigned by the appropriate Community Committee.

(b) In the case of a farm on which the average yield of cotton was less than seventy-five pounds per acre during those years of the base period 1928-1932 in which cotton was grown, the allotment basis shall be not less than the average acreage planted to cotton (in those years during such period in which cotton was planted) multiplied by the average yield per acre during such years or by an average yield per acre assigned by the appropriate Community Committee.

Sec. 23. Allotments by the State Allotment Board pursuant to section 8 of the Act. (a) In order that an allotment may be made to a producer under section 8 (a) of the Act, it must be determined (1) that cotton was planted on the farm covered by his application in at least one of the three years 1930, 1931, and 1932, and (2) that the average number of acres planted to cotton on such farm during those three years is less than one-third of the number of acres of cultivated land contained in such farm in the year 1934, which average shall be computed by dividing the total number of acres planted to cotton during such three years by the number of years in which cotton was planted in such period.

(b) In order that an allotment may be made to a producer under section 8 (b) of the Act, it must be determined that cotton has not been grown on the farm covered by the application prior to the year 1933 since the year 1927. (See section 21 (d).)

(c) In order that an allotment may be made to a producer under section 8 (c) of the Act, it must be determined (1) that in at least one year of the five years 1928, 1929, 1930, 1931, and 1932 the yield per acre of cotton on the farm covered by the application was at least 33-1/3%

less than the adjusted average yield of cotton per acre on such farm for such five years, and (2) that the reduction in production of cotton on such farm was due to drought, storm, flood, insect pests, or other uncontrollable natural cause. But if such farm is located in a county the total allotment to which was computed under section 5 (b) of the Act after the elimination of one or more years (because of unusual drought, storm, flood, insect pests, or other uncontrollable natural cause) that year or years cannot be included in the computation of such producer's allotment basis under section 8 (c).

(d) In order that an allotment may be made to a producer under section 8 (d) of the Act, it must be determined (1) that cotton was produced on the farm covered by the application in at least one of the three years 1930, 1931, and 1932, (2) that the average acreage planted to cotton on such farm for such three years (determined by dividing the total number of acres planted in such three years by the number of years in such period in which cotton was planted) is less than sixty per centum of the acreage planted to cotton on such farm in the year 1929 (or if no cotton was planted thereon in 1929, then the latest year in the base period 1928-1932 in which cotton was planted thereon), and (3) that such reduction was a voluntary reduction.

ARTICLE III. MAKING OF ALLOTMENTS
OF TAX-EXEMPT COTTON

Sec. 31. To farms: prorated to producer units. Allotments shall be made to each farm on which cotton is being produced upon application upon the prescribed form(s). Three copies of Form No. B. A. 8 must be filed for each farm. In addition, three copies of Form No. B. A. 9 must also be filed for each farm on which any share tenant or share cropper is located. The allotment to any farm containing more than one producer unit shall be prorated, as set forth in Form No. B. A. 9, to the individual producer units comprising such farm.

Sec. 32. Persons who sign application forms:

(a) Owners and cash or standing-rent tenants. In the case of an owner who operates his own farm with his own labor and/or with hired labor and/or who rents to one or more share tenants or share croppers, the form(s) shall be signed by such owner or his agent (holding a written authorization for such purpose; in the event such agent is to have authority also to receive his principal's certificates this authorization must be executed on printed Form No. B. A. 5). In the case of a cash tenant or a standing-rent tenant, the form(s) shall be signed by such tenant or his agent (holding a written authorization for such purpose; in the event such agent is to have authority also to receive his principal's certificates this authorization must be executed on printed Form No. B. A. 5).

(b) Share tenants or share croppers operating entire farms. In the case of a share tenant or share cropper who operates an entire farm, such share tenant or share cropper or his agent (holding a written authorization for such purpose; in the event such agent is to have authority also to receive his principal's certificates this authorization must be executed on printed Form No. B. A. 5) shall sign the form(s) along with his landlord. Wherever in such a case such landlord or his agent or such tenant or cropper or his agent is found, by the Assistant in Cotton Adjustment for the county within which the farm is located, to be unavailable for or not desirous of signing the form(s), his signature may be dispensed with in the discretion of the County Committee. In any event the name of such landlord must appear on the form(s).

Sec. 33. Share tenants and share croppers entitled to be heard as to figures on Forms No. B. A. 9 and 10. Any share tenant or share cropper who operates a producer unit in a farm for which an allotment is sought shall be entitled to be heard as to the production of such producer unit (including the estimated yield and the size of such unit) and as to his share of the crop from such unit. To insure this right each share tenant or share cropper shall be notified of the production figures submitted on the prescribed forms for the farm on which he is located or, in lieu thereof, in the case of a plantation or other farm having more than one share tenant or share cropper, copies of such forms as submitted shall be posted in a central place (such as the farming headquarters or an overseer's office or main barn or warehouse) on such plantation or farm for the inspection of the share tenants or share

croppers located thereon. Copies of such forms shall be on file at the office of the County Committee with whom filed, for inspection by share tenants or share croppers living on the land covered by the respective forms. Each County Committee shall, on the basis of all the facts submitted to it, determine what in its best judgment are the true production figures which should be inserted in the spaces reserved for such corrected figures in each form No. B. A. 8 filed with it and shall insert the same in such form, and shall also, on the basis of all the facts submitted to it, determine that the production and shares of crop and names and addresses of share tenants and/or share croppers set forth in Form No. B. A. 9 (and Form No. B. A. 10 where required) are correctly stated before sending such application to the State Allotment Board. The State Allotment Board in any State shall finally determine all allotments and prorations to farms and producer units within its State, if authorized in writing by the Secretary to make such determinations.

Sec. 34. County-line and State-line farms. In the case of any land (whether or not covered by a 1934-1935 Cotton Acreage Reduction Contract) located in two or more counties but operated from the same farming headquarters (i.e., dwelling house, barns, etc.), all such land may be considered a single farm and shall be supervised by the County Committee of the county in which the farming headquarters is located or, in the absence of a farming headquarters, by the County Committee for the county in which the greater part of such contiguous land is located.

After allotments to all farms lying partly within two counties have been determined by the two County Committees concerned, a figure representing the net amount of allotments, expressed in pounds of lint cotton, due the county entitled to a balance of allotments, shall be agreed upon and a joint statement setting forth this net amount of allotments shall be made to the State Allotment Board (on a prescribed form). The State Allotment Board will authorize an allocation of allotments to the county having an excess of county-line allotments made to land outside its county limits, deducting the same amount from the allotment of the other county. In the case of State-line farms a similar adjustment of State allotments shall be made by agreement between the State Allotment Boards concerned. In the case of any such county-line or State-line farm upon which an agreement cannot be reached between the respective County Committees or State Allotment Boards as to the proper allotment to be credited to each county or State under these regulations, the County Committee or State Allotment Board for the county or State in which any part of such land lies may regard such part as a farm, in which event a separate application shall be made in such county covering the part of the farm that lies in such county and such County Committee shall so notify the County Committee for the other county or counties concerned.

ARTICLE IV. ISSUANCE AND USE OF CERTIFICATES

Sec. 41. Issuance, allotment, and distribution of certificates and accounting therefor. (a) Certificates will be issued by the Secretary (on a prescribed form) upon application therefor and upon proof satisfactory

to the Secretary that the producer making application has planted cotton for the crop-year 1934-1935 which was in cultivation on or before July 1, 1934, (or, as may be permitted by the County Committee to provide for exceptional circumstances of delayed planting due to drought or flood, on or before July 15, 1934), and is otherwise entitled thereto under the Act and the regulations thereunder. Acreage planted to cotton after July 1, 1934, will not be considered in those cases in which the County Committee finds that such planting was made merely to qualify for an allotment. Each such case will have to be considered on its own merits. Interim certificates may be issued only in counties specifically designated by the Cotton Production Section. Such interim certificates shall be issued (on the prescribed Form B. A. 14), as a temporary expedient, by the appropriate County Committee, to producers (whether owner-operators, share tenants, or share croppers) in strict accordance with their best estimate of the bases and proportions, and according to the procedure, prescribed in these regulations with respect to the certificates to be finally issued; and such interim certificates shall (as required therein) be delivered back to such County Committee when it is in position to distribute such final certificates. In no case shall any such interim certificate be issued in an amount greater than fifty per centum of the estimated total amount of the final certificate or certificates to which such producer will be entitled under these regulations; and in no case shall any such interim certificate be issued to a person who is not producing cotton on land on which cotton was grown in at least one year during the period 1928 to 1933. Any certificate erroneously issued shall be void upon a demand in writing for its return made by the Secretary to the person to whom such certificate was issued.

(b) Certificates (other than interim certificates) so issued shall be allotted, in accordance with the Act and these regulations, by the State Allotment Board in each cotton-growing State to the producers of cotton in such State. The allotments shall be based on the applications (made on the prescribed Form No. B. A. 8, and B. A. 9 and 10 where required) filed by the producers with the reports of the appropriate Community Committee endorsed thereon and with the recommendations of the appropriate County Committee also endorsed thereon, forwarded to the State Allotment Board by the County Committee in lots as it passes upon the applications. Applications shall be filed with the County Committee within a period fixed by the Chairman of the State Allotment Board. Each certificate shall be countersigned by the Chairman of such Board (or a person duly authorized by him, in writing, to affix his counter-signature) after all of the entries therein provided for have been made. Certificates for producers in a particular county shall be allotted at the time or times determined by the State Allotment Board having jurisdiction, and when any certificates for such county are ready for distribution, they shall be forwarded to the Assistant in Cotton Adjustment for such county. Such Assistant in Cotton Adjustment shall thereupon distribute all such certificates to the producers in whose names they are issued and take the receipt of each producer for his certificate or certificates and forward such receipts to the State Allotment Board.

(c) In each case where the allotment to the producer is less than five thousand pounds of lint cotton or less than a multiple thereof, the State Allotment Board shall detach from such certificate, or one of such certificates, as the case may be, such portion thereof as is necessary to make the remainder express the exact allotment to the nearest five pounds and shall, after the distribution of such certificate, forward such detached portion to the Secretary as a supporting document in its accounting for certificates entrusted to it. Each such Board shall maintain an accurate record of the certificates entrusted to it, allotted and distributed by it, or returned in whole or in part to the Secretary. All certificates not issued and distributed to producers shall be returned to the Secretary.

(d) In case a producer entitled to a certificate or certificates dies or becomes incompetent or bankrupt after his application is passed upon by the County Committee but before such certificate or certificates are issued to him, delivery of such certificate or certificates shall be made as provided in regulations to be prescribed.

Sec. 42. To share tenants and share croppers and landlords. In the case of a share tenant or a share cropper who operates a producer unit (which as set forth in section 6 may be an entire farm or a subdivision thereof) to which an allotment has been made or prorated, certificates equal to such allotment or proration will be issued, subject to the provisions of section 45, to such tenant or cropper and to his landlord, separately, in the proportions in which they are to share in the crop or its proceeds under the terms of their lease or cropping agreement. The tenant's or cropper's share of certificates will be computed without regard to deductions (for present or past debt or otherwise).

Sec. 43. To owner-operators. In the case of an owner of a farm to which an allotment has been made certificates equal to such allotment shall be issued to such owner provided that such farm is not rented to a cash tenant or a standing-rent tenant and provided that no share tenant or share cropper is engaged in the production of cotton on such farm, in which latter event section 42 applies.

Sec. 44. To cash tenants and standing-rent tenants operating with own or hired labor. In the case of a cash tenant or a standing-rent tenant who operates a farm to which an allotment has been made, certificates equal to such allotment shall be issued to such tenant provided that no share tenant or share cropper is engaged in the production of cotton on such farm, in which event section 42 applies.

Sec. 45. Disposition of certificates among share tenants and share croppers on any farm. In the case of any farm on which two or more share tenants or share croppers are engaged in the production of cotton, the certificates issued to share tenants and share croppers on such farm may be transferred (up to an amount necessary to gin and tag for marketing tax-free all the cotton produced by share tenants and share croppers on

such farm), by simple endorsement thereon, by any such share tenant or share cropper to any other share tenant or share cropper on such farm, with or without consideration as the parties to such transfer may agree; but after all such cotton has been so ginned and tagged any such certificates not so transferred shall be deemed to be surplus certificates and shall be deposited with the Assistant in Cotton Adjustment for the county where the farm is located, except if any such tenant or share cropper submits satisfactory proof to the County Committee that his cotton crop has been totally destroyed by uncontrollable natural causes such as storm, drought, flood, insect pests, etc., certificates issued to such share tenant or share cropper shall be considered as the sole property of such share tenant or share cropper and shall not be so deposited with the Assistant in Cotton Adjustment but may be transferred by such share tenant or share cropper pursuant to the regular procedure to be hereafter established by regulations for the transfer of certificates.

Certificates so deposited with any Assistant in Cotton Adjustment pursuant to this section shall be cancelled by him and re-issued to all share tenants and share croppers on the farm concerned in proportion to the original allotment of certificates to them, and may be transferred by them pursuant to the regular procedure to be hereafter established by regulations for the transfer of certificates.

Sec. 46. Landlord must contribute share of certificates to marketing of his cotton. A landlord to whom certificates have been issued with respect to any producer unit shall contribute so much of such certificates (up to the total amount thereof) as are required to gin and tag his share of the crop grown on such unit in order that it may be marketed tax-free.

Sec. 47. Penalty for landlord who violates Section 46. Upon notice to the Secretary that a landlord has failed to comply with section 46, the Secretary, pending investigation, may conditionally cancel any or all certificates issued to such landlord and not transferred or assigned by him pursuant to regulations or not exchanged by him for bale tags, and, upon a finding by the Secretary that the landlord has violated section 46, the Secretary may permanently cancel such certificates and (1) re-issue to the share tenant or share cropper operating the producer unit with respect to which such certificates were issued such amount of said certificates (up to the full amount thereof) as may be necessary to gin and tag the landlord's share of the crop grown on such producer unit in order that it may be marketed tax-free, and (2) re-issue to such landlord any residue of such certificates which may remain after the landlord's share of such crop has been so ginned and tagged.

Sec. 48. In case of abandonment of crop by share tenant or share cropper. Whenever a landlord certifies in writing under oath to the Assistant in Cotton Adjustment for his county that a share tenant or share cropper has, without cause and before gathering, abandoned a crop covered by a lease or share cropping agreement and in such certification sets forth the terms of said lease or agreement and a sworn itemized statement of account of his

claim against the crop so abandoned, such Assistant in Cotton Adjustment shall make an investigation of the facts and claim alleged and shall certify to the Secretary his findings relative thereto upon a prescribed form under oath. Upon receipt and consideration of such certified findings the Secretary may (1) issue to the landlord such amount of the certificates issuable to such share tenant or share cropper, or (2) may cancel the certificates issued to such share tenant or share cropper (and not transferred or assigned by such share tenant or share cropper pursuant to regulations, or not exchanged by him for bale tags) and re-issue to the landlord such amount of said certificates, (in either case up to the full amount thereof) as will enable the landlord to gin the abandoned crop tax-free so far as the use of such re-issued certificates permits, provided that the landlord agrees in writing to deposit with the Secretary in trust for the share tenant or share cropper any and all proceeds over and above the landlord's claim found by the Secretary equitably to be due. Any surplus certificates issued or issuable to such tenant or cropper shall be re-issued or issued to the Cotton Production Control Association of the county in which the original certificates were issued and shall be sold by such association according to the regular procedure to be hereafter established by regulations for the transfer of certificates. The proceeds of such sale shall be deposited with the Secretary in trust for such tenant or cropper. If such share tenant or share cropper can not be found after reasonable search, said funds so held in trust shall be subject to the laws of the State in which such tenant or cropper abandoned the crop, including statutes of escheat or abandonment. Whenever such share tenant or share cropper can be found by a reasonable search, reasonable notice and a reasonable opportunity for hearing must be given him before cancellation and re-issuance of his certificates.

ARTICLE V. TRANSFER OR ASSIGNMENT OF CERTIFICATES

Sec. 51. Transfer or assignment of certificates. Tax-exemption certificates can be transferred or assigned only as provided in regulations which will be hereafter prescribed. Interim certificates can not be transferred or assigned. Upon the ginning of any cotton harvested after May 31, 1934, any person to whom any certificates have been issued with respect to such cotton may surrender to the ginner of such cotton an amount of such certificates equal to the amount of such cotton ginned by him, in exchange for bale tags.

ARTICLE VI. PENALTIES

Sec. 61. Penalties. (a) As provided in the Act, a fine not exceeding \$1,000 or imprisonment for not more than six months, or both such fine and imprisonment, shall be imposed upon any person who

- (1) wilfully violates any provision of the Act,
- (2) wilfully fails to pay, when due, any tax imposed under the Act,
- (3) with intent to defraud, falsely makes, forges, alters, or counterfeits any bale tag or certificate of exemption made or used under the Act,

(4) uses, sells, or has in his possession any such forged, altered, or counterfeited bale tag or certificate of exemption, or any plate or die used, or which may be used, in the manufacture thereof,

(5) makes, uses, sells, or has in his possession any paper in imitation of the paper used in the manufacture of any bale tag or certificate of exemption,

(6) has in his possession any bale tag which should have been destroyed, as required by the Act,

(7) re-uses any bale tag required to be destroyed by the Act,

(8) places any cotton in any bale which has been filled and stamped, tagged, or otherwise identified under the Act, without destroying the bale tag previously affixed to such bale,

(9) affixes any bale tag, issued under the Act, to any bale of lint cotton on which any tax due is unpaid,

(10) makes any false statement in any application for bale tags or certificates of exemption under the Act, or

(11) has in his possession any bale tag or certificate of exemption obtained by him otherwise than as provided in the Act.

(b) As provided in the Act, a fine not exceeding \$1,000, or imprisonment for not more than one year, or both such fine and imprisonment, shall be imposed upon any person who, in violation of the regulations made by the Secretary of Agriculture, (1) secures certificates of exemption or bale tags from another by sharp practices or (2) speculates in certificates of exemption or bale tags, and such fine or imprisonment or both shall be imposed upon any person securing certificates of exemption or bale tags from another person by fraud or coercion.

(c) The Act further provides that "Any person who wilfully violates any regulation issued by the Secretary of Agriculture or the Secretary of Agriculture and the Secretary of the Treasury under this Act, for the violation of which a special penalty is not provided, shall, on conviction thereof, be punished by a fine not exceeding \$200."

ARTICLE VII. AMENDMENTS

The Secretary of Agriculture reserves the right to modify, add to, rescind, or otherwise amend the foregoing regulations.

PART III. ADMINISTRATION OF THE ACT

NATIONAL ADMINISTRATION

Those provisions of the Cotton Act of 1934 which the Secretary of Agriculture is charged with administering are to be carried out under the immediate supervision of the Cotton Production Section, Commodities Division, Agricultural Adjustment Administration, Washington, D. C. In the administration of all field activities involving extension workers and relating to the Cotton Act of 1934, the Cotton Production Section will work with and through the Director of Extension in each cotton-producing State.

STATE DIRECTOR OF EXTENSION AND STATE ALLOTMENT BOARD

The State Directors of Extension, or the persons designated by them, will have immediate supervision of all extension field workers engaged in administering the Cotton Act of 1934, and all directions and instructions to such workers will, insofar as possible, be transmitted through the State Directors or their designated representatives.

The State Director of Extension shall appoint, subject to the approval of the Cotton Production Section, a State Allotment Board consisting of three members. The duties of this Board shall be to compute allotments and issue tax-exemption certificates on the basis of the information submitted in applications by cotton producers in each county. The Board shall notify the individual of his allotment of tax-exemption certificates and mail the certificates to the Cotton Production Control Association for distribution. The Board shall keep such records and accounts as may be prescribed by the Cotton Production Section and shall not make allotments of tax-exemption certificates in excess of the permitted quantity.

COUNTY ORGANIZATION

The Cotton Act of 1934 will be administered in each county by the Cotton Production Control Association, the organization of which is described in "Administrative Rulings and Instructions relating to the 1934-1935 Cotton Acreage Reduction Plan" (Form No. Cotton 5).

The County Committee shall consist of a minimum of three cotton producers in each cotton-producing county. The County Committee may be increased by one member for each additional five hundred farms, or fraction thereof, in excess of one thousand, on which cotton production was reported in the 1930 census. Such an increase in the personnel of the County Committee will be made only in those counties in which circumstances warrant such additions.

In some counties a Cotton Production Control Association was not set up for the administration of the 1934 and 1935 Cotton Acreage Adjustment Plan because none of the small number of cotton producers signed a contract. In such counties, the County Agent, if any, shall appoint a Community Com-

mittee of three members. Where such counties have no County Agent, the District Agent shall appoint the Community Committee. The duties to be performed by the Committee will be the same as those outlined herein for similar committees in a county having an association. Unless authorized, such counties shall function without a County Committee and the signature of a County Committeeman where called for on any form will not be required, but a statement will be made on the space indicated for the signature that there is no association in the county. Upon completion, all applications will be submitted to the County or District Agent for appropriate action, who in turn will submit them to the State Allotment Board in the manner prescribed. The County or District Agent will perform such further duties as are delegated to a County Agent or Assistant in Cotton Adjustment for a county in which there is an association.

THE COUNTY AGENT AND COUNTY ASSISTANT IN COTTON ADJUSTMENT

The County Agent shall be the representative of the Secretary in all matters affecting the association in administering the Cotton Act of 1934.

A County Assistant in Cotton Adjustment will be employed in each county in which cotton was produced on 250 or more farms, as indicated by the 1930 Census. The Assistant shall work under the immediate supervision of the County Agent and the Cotton Production Control Association. His duties will consist of keeping such county records as are delegated to him by the County Agent, the Cotton Production Control Association, and the Cotton Production Section. The Assistant will receive the applications for tax-exemption certificates from Community Committees, prepare them for the action of the County Committee, and properly record the recommendations of the County Committee regarding each application. The Secretary of Agriculture may require that each County Assistant be bonded. All records of the Cotton Production Control Association kept by the County Agent and/or County Assistant in Cotton Adjustment shall be filed in the County Agent's office. All such records shall be open to examination by any authorized agent of the Secretary at any time.

COMMITTEEMEN

The County Committee, with the approval of the County Agent, shall make any changes deemed necessary with respect to the appropriate number of cotton-producing communities within the county and assign the proper number of committeemen to each community as provided in the Articles of Association of the Cotton Production Control Association (Form No. Cotton 3).

The County Committee shall review all applications for tax-exemption certificates filed with them and make recommendations regarding the allotting of tax-exempt cotton to each applicant. The County Committee shall also perform such further duties as may be prescribed from time to time by the Cotton Production Section.

The Community Committee shall establish a community headquarters and, at such place, shall receive, assist in the preparation of, check and pass upon applications for tax-exemption certificates. The Community Committee shall submit the applications for tax-exemption certificates and such other necessary information to the County Agent or County Assistant at designated intervals for the appropriate action of the County Committee.

All Committeemen shall hold office at the will of the Secretary or his authorized agent. All information, including names of applicants, acquired by a committeeman by virtue of his position shall be held in strictest confidence by him and said information shall not be used to the advantage of the committeeman.

All Committeemen shall be paid at the rate of \$3.00 per day, less 10 per cent before July 1 and less 5 per cent thereafter as required by law, when actually employed for services in procuring and reviewing applications as may be required and certified to by the County Agent. Committeemen shall furnish their own transportation and subsistence.

PART IV. COTTON EXEMPT FROM TAXATION

The Cotton Act of 1934, as amended, provides that four classes of cotton will be exempt from taxation. These four classes are as follows:

- A. Cotton harvested prior to the crop year 1934-1935;
- B. Cotton harvested by any publicly-owned experimental station or agricultural laboratory;
- C. Cotton having a staple of one and one-half inches in length or longer;
- D. An amount of cotton harvested in any crop year from each farm equal to its allotment.

An explanation is given in this chapter of the manner in which exemption from the tax will be obtained for each of these four classes of cotton.

A. Cotton Harvested Prior to the Crop Year 1934-1935

Cotton harvested prior to the crop year 1934-1935 refers to cotton which was harvested before June 1, 1934, or, in other words, cotton harvested from the crop planted in 1933 or in any previous year.

Lint Cotton

Every person or agency having immediate possession, custody, or control of any bales of old lint cotton should make application for a number of free bale tags equal to the number of bales of such cotton, except that application need not be made for cotton in a mill where it is to be processed or for cotton at a point of export covered by an export bill of lading. The phrase "immediate possession, custody, or control" refers to any cotton, irrespective of who the owner may be, which may be stored in the warehouse, compress, or gin yard of the person or agency making application, or that which may be located on the farm of a producer or elsewhere. A farmer or any other person who may own cotton that is in the possession, custody, or control of some other person or agency need not make application for bale tags for such cotton.

Application should be made to the County Agent of the county in which the applicant's cotton is located. A separate application must be made for each lot of cotton stored in a different location. The application may be made either by letter, telegram, or on Form No. B.A.2, supplies of which are available in the County Agent's office. Following the receipt of an application, bale tags will be affixed by an agent of the Secretary of Agriculture under the supervision and direction of the Director of Tagging, who works in close cooperation with the Cotton Production Section. When the tags have been affixed to bales of old cotton in the possession of an applicant, the Agent

will fill out in quadruplicate Form No. B.A.3, which is a record of bale tags attached and of the identification of the bales, and distribute the copies as indicated at the top of each sheet. If the number of bales tagged is in excess of the number which can be entered on the above form, Form No. B.A.4, which is a continuation sheet of Form No. B.A.3, will be used. For every bale of cotton so tagged the applicant will receive a "Certification of Tagging Lint Cotton," Form No. B.A. 12, which shows that the bale has been tagged, the serial number of the bale tag, whether the bale is square or round, compressed or uncompressed, and the identifying mark or marks on the bale. This form should accompany each bale of cotton when sold and should be attached to any document of title, such as a warehouse receipt or bill of lading covering such bale. Should a tag become detached or lost from a bale, it will be necessary that the "Certification of Tagging Lint Cotton" accompany the application that may be made for another tag before such an application will be considered.

Warehousemen holding 500 bales or more of old cotton may be appointed as Agents of the Secretary for the purpose of tagging cotton held in their warehouses. Such warehousemen will be required to furnish bond as provided for in Form No. B.A.6. Copies of this form may be obtained from regional headquarters of the tagging program or the Director of Tagging, Room 1238, South Building, Agricultural Adjustment Administration, Washington, D. C. In each case where the "Certification of Tagging Lint Cotton" is delivered to the warehouseman in whose hands the bale to which it refers was found, the warehouseman shall hold such certification safely and deliver it only to the person presenting the warehouse receipt to him; in no event is he to deliver it to the depositor of the bale unless such depositor presents the warehouse receipt.

Complete information on the regulations for tagging old cotton is contained in Form R-21, B.A.R. Series No. 1, "Regulations under the Cotton Act of April 21, 1934, Relating to the Tagging of Cotton Harvested and Ginned prior to June 1, 1934," copies of which may be obtained free upon request to the County Agent or to the regional office of the Director of Tagging, or to the Washington office.

Seed Cotton

Any producer having in his possession seed cotton harvested prior to June 1, 1934, and which will be ginned after such date, may have such seed cotton ginned under Regulations 84 of the Commissioner of Internal Revenue without payment of the tax. Article 9 (c) of these regulations states:

"The ginning of cotton harvested prior to June 1, 1934, is exempt from the tax. To be entitled to such exemption, the ginner shall procure an affidavit from the person who owns the cotton at the time of ginning. The affidavit shall be in duplicate and shall show (1) the name and address of the owner of the cotton, together with the name and address of the producer, if they are different persons, (2) the location of the farm on which the cotton was harvested, (3) the year in which the cotton was harvested, (4) the location of the building where the seed cotton has been stored, (5) the

number of bales of lint cotton resulting from the ginning with the quantity, in pounds, of each bale, and (6) the serial number of the bale tag attached to each bale."

The affidavit to be executed under this Article is G. T. Form 106 B (Bureau of Internal Revenue).

B. Cotton in the Hands of, or Harvested by,
Publicly-Owned Experimental Stations
or Agricultural Laboratories

Cotton held or controlled by any department or agency of the United States Government, or any publicly-owned experimental station or agricultural laboratory at the beginning of any crop year with respect to which the tax becomes effective, shall be tagged the same as that in the possession, custody, or control of an individual or of a private agency. Applications for free bale tags for any such cotton should be made by the head of the department, agency, station or laboratory.

Bale tags issued to any of the above agencies for the tagging of old cotton will be attached by an individual designated by and responsible to the Director of Tagging, and the same forms will be required as for cotton tagged for individuals and private agencies.

Cotton which may be ginned by any publicly-owned experimental station or agricultural laboratory from a crop harvested by it in any year with respect to which the tax is in effect, may, at the time of ginning cotton, receive bale tags equal in number to the bales of cotton ginned, as provided for under Regulations 84 of the Commissioner of Internal Revenue. Article 9 (a) of the regulations provides that:

"The ginning of cotton harvested by a publicly-owned experimental station or agricultural laboratory is exempt from the tax. To be entitled to such exemption, the ginner shall procure an affidavit signed by a responsible executive officer of such station or laboratory. The affidavit shall be in duplicate and shall show (1) the name and address of such station or laboratory, (2) the location of the land on which the cotton was harvested, (3) the number of bales of lint cotton resulting from the ginning with the quantity, in pounds, of each bale, and (4) the serial number of the bale tag attached to each bale."

The affidavit to be executed under this Article is G. T. Form 106 C (Bureau of Internal Revenue).

C. Cotton Having a Staple of One and One-Half
Inches in Length or Longer

Producers who grow cotton having a staple of one and one-half inches in length or longer will make application for allotment and tax-exemption certificates according to the procedure outlined in Part V of this publication. It will not be necessary, however, to surrender tax-exemption certificates or to pay the tax on that portion of the crop which has a staple length of one and one-half inches or longer. Section 4 (E) (4) of the Act provides that no tax shall be imposed with respect to cotton having a staple of one and one-half inches in length or longer.

To secure exemption from the tax under this provision, the producer must have such cotton classified as to staple by a Federally Licensed Cotton Classifier. The Classifier will issue a certificate G. T. Form 106 D (Bureau of Internal Revenue), showing for each bale (1) the name and address of the owner, (2) by whom harvested, (3) the location of the farm on which produced, (4) the place or places stored since harvest, (5) the place ginned, (6) the name of the ginner, (7) the weight of bale, (8) the serial number of bale tags attached, and (9) the grade and staple. This certificate will be accepted by an authorized agent of the Bureau of Internal Revenue in exchange for bale tags.

D. An Amount of Cotton Harvested in Any Crop Year
From Each Farm Equal to Its Allotment

The amount of tax-exempt cotton allotted to each county will be prorated within the county to farms on which cotton is planted in 1934 and on which cotton has been planted during the period 1928-1933. This proration to individual farms will be made on the basis of the average acreage and production of cotton during the base period 1928-1932 or on the basis of the actual planted acreage in cotton multiplied by an assigned yield if cotton was planted in 1933 only. An allotment basis will be computed for each farm on the basis of the acreage and production of cotton on the farm during the base period. This allotment basis will then be used in computing the allotment of tax-exempt cotton that the farm will receive.

The allotment basis in the case of a farm for which a 1934-1935 Cotton Acreage Reduction Contract has been signed will be the permitted acreage in cotton that may be planted on the farm in 1934, multiplied by the adjusted average yield allowed under the terms of the contract. In the case of farms not under contract, the information submitted will be adjusted, if necessary, in order that the averages finally determined for such applicants may be on a basis comparable with the adjusted average acreage and production data of contract signers. The allotment basis for non-signers will then be computed by multiplying the adjusted average production by a percentage figure which will represent the average percentage of their adjusted base acreage that contract signers in the county are permitted to plant in 1934.

The State cotton reserve, which is not to exceed 10 per cent of the State allotment, will be prorated within the State:

- (a) To producers of cotton on farms where for the crop years 1930, 1931 and 1932 less than one-third of the cultivated land on such farms has been planted to cotton;
- (b) To producers on farms where cotton is planted in 1934 for the first time since 1927;
- (c) To producers of cotton on farms where for the five years, 1928-1932, normal production has been reduced by uncontrollable natural causes;

- (d) To producers on farms where for the crop years 1930, 1931 and 1932, acreage theretofore planted to cotton has been voluntarily reduced below the amount which the Secretary finds would have been an equitable reduction in carrying out a reasonable reduction program.

The details of the plan under which allotments will be made to individual farms are discussed in Part V.

PART V

APPLICATION BY INDIVIDUALS FOR ALLOTMENTS OF TAX-EXEMPT COTTON AND TAX-EXEMPTION CERTIFICATES

Application forms for allotments of tax-exempt cotton and tax-exemption certificates must be signed by an owner, a cash tenant, or a tenant who pays as rent a fixed quantity of products (standing-rent tenant.) An individual share tenant or share cropper who operates an entire farm may submit a joint application and sign with his landlord or, at the discretion of the County Committee, either the landlord's signature or the share tenant's or cropper's signature may be dispensed with if either interested party is unavailable or not desirous of signing, or is not in a position to supply the information called for in the application. Any operator entitled to sign an application may do so through an agent, but such agent must submit a written document showing his authority to act for the operator of the farm covered by the application.

In submitting an application for an allotment and tax-exemption certificates, an operator will submit the information called for in Form B.A. 8, entitled "Application for Allotment and Tax-Exemption Certificates Pursuant to the Cotton Act Approved April 21, 1934." Form No. B.A. 9, captioned "This Application for Allotment and Tax-Exemption Certificate(s) Must Contain---", etc., will also be submitted for those farms on which cotton is grown by one or more share tenants and/or share croppers in 1934. The application form or forms will be made out in triplicate. The original copy of each form will be sent to the State Allotment Board at the place designated by the Director of Extension in each State, a copy retained in the county office, and the third copy returned to the applicant.

All applications for tax-exemption certificates will be made through Community and County Committees, as was done in the case of the 1934-1935 Cotton Acreage Reduction Contracts. The county will be subdivided into communities and a Community Committee designated to function in each county subdivision as explained in Part III of this publication. The Community Committee will establish headquarters at a designated central point in the community. In order to complete the work effectively within the limited time available, it will be necessary that operators, or their authorized agents, be requested to appear at these community headquarters to submit application. The Community Committee will work individually with each applicant in helping to fill out the necessary application forms in the proper manner.

Committeemen will need to familiarize themselves thoroughly with the administrative regulations and instructions pertaining to the making of application for allotments, in order that only those persons who are entitled to make application will be permitted to submit claims for allotments and tax-exemption certificates. Close attention, furthermore, will need to be given to the provisions in the instructions concerning the base period

used in computing the allotment basis that a producer may obtain. It is only on a basis of carefully prepared applications that a speedy and just distribution of allotments to individuals can be assured. The administrative regulations, issued to date, that pertain to these and other questions relating to the making of individual allotments are presented in Part II, entitled "Regulations Governing Allotments and Tax-Exemption Certificates".

The data submitted in applications for allotments will be carefully examined by County and Community Committees in order to assure that individual allotments be based on the best information available regarding the cotton base acreage and production on each farm for which application is made. The quantity of tax-exempt cotton allotted to any county is definitely fixed, and may be likened to a common fund in which all producers in the county are to share according to their just claims. The claims will be based on the operators' cotton acreage and production during a representative base period. If any operator claims and receives a farm allotment in excess of the amount to which he is entitled, he does so at the expense of other operators in the county in that he unjustly takes a part of the county allotment that belongs to others.

The County and Community Committeemen will have the responsibility of providing the bases for an equitable proration of the county allotment as between the various operators of cotton farms in the county. An application that is approved by the County Committee will necessarily have to be accepted by the State Allotment Board as representing the opinion of persons in the county who are best qualified to judge the equitableness of any claim made for an allotment and exemption certificates.

The County Committee, with the help of the Community Committeemen concerned, shall correct and adjust the figures reported in applications when the County Committee has good reason to believe that such figures are not in accordance with facts. Committeemen shall adjust the data submitted by non-signers in such a manner as to approximate the individual adjustments made in reports submitted by signers of 1934-1935 Cotton Contracts in the county. These adjustments shall be made on an individual basis rather than by a blanket revision applied uniformly to all applications.

Whenever any correction of factual statement is made in an application, the operator who submitted the application will be notified and given the opportunity to present evidence in support of the information given in his application. It is hoped that an effective functioning by Community Committeemen will permit such cases to occur only infrequently, and, when they do occur, that a satisfactory arrangement be speedily effected between the County Committee and the operator who submitted the information under question. In those instances in which a mutually satisfactory arrangement between the County Committee and such an operator is not possible, it is recommended that three disinterested cotton producers be selected by the County Committee to act as an investigating committee. This committee shall

examine all information available pertaining to the case, and report their findings to the County Committee. The decision of the County Committee shall be final.

The procedure to be used in filling out Form No. B.A. 8 is outlined in detail in the following subsection. As explained in Part IV, Section D, a somewhat different procedure will be used in connection with filling out the application form for participants in the 1934-1935 Cotton Plan from that which will be followed for operators who did not sign contracts. These differences will be pointed out in the description of the steps to be followed in filling out the application form.

FILLING OUT APPLICATION FORM FOR ALLOTMENT AND TAX-
EXEMPTION CERTIFICATES (Form No. B.A. 8)

The first part of the form used in making application for an allotment and tax-exemption certificates (Form No. B.A. 8) is similar in many respects to the first part of the 1934-1935 Cotton Contract. The operator will enter the names of the State and County in which his farm is located. The application serial number and the serial number of the 1934-1935 Cotton Contract, if any, will be entered in the county office as explained later. The name of the operator(s) making the application will be typed or printed in the space indicated, and will be the same as the signature(s) and/or name(s) appearing in Section II of the application form. If an agent of the operator makes application, the name of the operator will be shown in the space indicated on the first page. In such a case, the name of the operator will also appear in Section II, as operator, with the signature of the agent on the line immediately below.

The description of the farm may be either in terms of the direction in which the farm is located from some central point, or may be described more technically as indicated in the provision for a survey description given below the word "OR".

Table 1

Table 1 of the application, Form No. B.A. 8, is almost identical with Table 2 of the 1934-1935 Cotton Contract. The information called for in this table will be filled out in the county office for an operator who participated in the 1934-1935 Cotton Plan, and, up to and including line 9, will be the same as shown in Table 2 of such an operator's contract. The figures in line 10, Columns G and H of Table 1, of the application form will be obtained from the operator's Notice of Acceptance of his 1934-1935 Cotton Contract, Columns 12 and 7, respectively, if such Notice is received at the time application is made. Column F, line 10, will then be obtained by multiplying the cotton acres permitted to be planted in 1934 by the adjusted yield (Column G, line 10 x Column H, line 10).

In the case of a 1934-1935 Cotton Contract signer whose Notice of Acceptance is not received, the figures in Table 1, Columns G and H, line 10 of the application form, will be obtained from Section VIII, items (g) and (c), respectively, of the contract as approved by the County Committee. The amount obtained from multiplying one item by the other will then be inserted in line 10, Column F, and will represent the basis upon which an allotment will be computed for such an applicant. These computations will be done in the county office, before contract signers are contacted for the purpose of receiving their applications for allotments and tax-exemption certificates.

In those counties in which a large number of 1934-1935 Cotton Contracts were obtained, it will be found desirable to employ temporarily the required number of helpers needed to transcribe the data for contract signers onto the application forms before operators are contacted. It is suggested that these temporary helpers be recruited from qualified persons in the county who may be deemed sufficiently accurate to transcribe the information and to make the necessary computations in the correct manner. This work of transcribing data from contracts should be completed within about two days after the application blanks from the Cotton Production Section are received in a county. Provision for employing the temporary helpers that may be required in accomplishing this work will be made through the office of the State Director of Extension.

Operators who have signed 1934-1935 Cotton Contracts may desire to change the data originally submitted by them in Columns A to E, inclusive, of Table 2 of their contracts. This desire may be prompted by additional information that such operators may have obtained after submitting their contracts. Certain operators, for example, submitted uniform figures as to productivity for each of the several years in their base period. Information may now be available to such operators to indicate that year-to-year variations actually occurred in their production and/or yields. If satisfactory reason is presented to the Community Committee for changing the figures in Columns A to E, inclusive, a rider, Form No. B.A. 8 (c), will be provided for a restatement of these data. The rider will be filled out and pasted over Table 1 so that Columns A to E, inclusive, on the rider coincide with Columns A to E, inclusive, of Table 1. The Community Committee will not permit the figures in Columns A to E of Table 1 to be changed at will, but only after the operator has presented reasonable evidence that such figures should be revised in order to be in accordance with actual conditions.

Permission to revise the figures originally submitted in Table 1, Columns A to E, does not imply that the final figures in the contract or in the Notice of Acceptance of the contract will be changed in making application for an allotment. These final figures may be changed freely only in those cases in which the producer, of his own accord or at the suggestion of a committeeman, submits lower final figures in his application than are shown in his contract or in his Notice of Acceptance. If, however, an operator is convinced that he has suffered an injustice in downward adjustments made in his contract by the County Committee to conform with the official cotton production and acreage figures for the county, he will need to submit proof to the County Committee that his contract figures are not equitable for use in establishing an allotment basis for tax-exemption certificates under the provisions of the Cotton Act. The County Committee

will serve, therefore, as a quasi-judicial board to which all such claims will be submitted. These claims will need to be substantiated by authentic records of production and acreages or other proof that the County Committee may require. It is assumed that it will be only in rare cases that the contract figures of an operator will need to be changed. Such changes, if made, will be entered immediately below line 10, under Columns F, G, and H of Table 1, and will be initialed by the County Committeeman who enters the new figures. In those cases in which the County Committee permits an operator to change his contract figures in making application for an allotment, such a change will not, of course, affect the contract itself in any way. The basis upon which payments are made under the terms of the contract will remain as accepted by the Secretary of Agriculture.

Operators who have not signed contracts will submit the information called for on Table 1, Columns A to EE, inclusive, in the same manner and with the same close scrutiny by the Community and County Committees as was done in the case of contract signers when they submitted their original reports. Although the information submitted in the application forms will be sworn to by the operator making application for exemption certificates, the Community Committees will satisfy themselves that the information submitted by operators is as nearly accurate as possible. In other words, Community Committees will undertake to eliminate or correct at the time application is made any information which they have reason to believe is not in accordance with facts. This careful examination of data submitted by operators is necessary in order to permit the certification that will be made by the Community Committeeman who approves the application, and to assure that non-signers be placed on the same relative basis as contract signers in making claim for allotments and tax-exemption certificates.

In assisting operators to fill out Table 1 of the application form, the Committeemen will follow the same procedure recommended for use in preparing Table 2 of the 1934-1935 Cotton Contract. This procedure, it will be remembered, is as follows:

1. List the number of bales produced in each year (Column A). In those cases in which cotton is sold in the seed, enter in this column the total number of pounds of seed cotton harvested.

2. List the average net weight per bale for each year (Column B). The "net weight per bale" refers to the weight of the lint in a bale of cotton excluding the weight of bagging and ties as indicated in footnote 2 of Table 1. In those cases in which cotton is sold in the seed, enter in this column the percentage gin turn-out--that is, the percentage that the weight of the lint is of the total weight of the seed cotton harvested.

3. Multiply for each year the number of bales by the average net weight per bale to obtain the number of pounds of lint produced (Column A x Column B = Column C). In those cases in which cotton is sold in the seed, enter in this column the figure obtained from multiplying the total seed cotton produced (Column A) by the percentage gin turn-out (Column B).

4. List for each year the acreage planted to cotton (Column D).
5. Divide for each year the pounds of lint in Column C by the acres in Column D to obtain the yield per acre for each year in Column E.
6. Indicate the cause of partial or complete crop failure for the year or years during which abnormally low yields were obtained (Column EE). Use brief terms such as: drought, storm, flood, hail, insects, etc.
7. Total Columns A, C, and D, except in the case of non-signers on farms on which cotton was planted in only three years or less of the base period. In such cases only Column D need be totalled and averaged. Do not total Columns B, E, and EE. Divide the totals of Columns A, C, and D by the number of years in which cotton was planted. The average for Column E will be obtained by dividing the average of Column C by the average of Column D, except in those cases in which an average yield is assigned by the Community Committee.

For non-signers of 1934-1935 Contracts, the computed averages in Columns C, D, and E, line 8 of Table 1, will be transferred by the County Committee to Columns F, G, and H of line 8. The County Committee will then adjust these figures, if necessary, in order that the adjusted averages for non-signers may be on a comparably equitable basis with those of the signers of 1934-1935 Cotton Contracts. All adjustments shall be made on an individual basis, rather than by a blanket revision applied uniformly to all applications. The adjusted figures will be entered in Columns F, G, and H, line 9. Column F, line 10, will then be obtained by multiplying the adjusted total lint produced (Column F, line 9) by a percentage figure which will represent the average percentage of their adjusted base acreage that contract signers in the county are permitted to plant in 1934. In other words, if the average reduction made by contract signers amounted to 38 per cent of their adjusted base acreage, then the adjusted base production figures submitted by non-signers in Column F, line 9, will be multiplied by 62 per cent and the resultant figure entered in Column F, line 10. The percentage figure that will be used in each county to adjust the data submitted by non-signers will be furnished the County Committee by the State Allotment Board, but in no case shall this figure be less than 60 per cent. This final adjustment will be made so that the allotment basis of non-signers will approximate the allotment basis of contract signers in the county under the terms of their contracts. The production data in Column F, line 10, will then constitute for each applicant the basis upon which he will receive a prorated share of the county allotment.

The computations necessary in determining the share of tax-exemption certificates to which each applicant is entitled will be made by the State Allotment Board, but the procedure that will be used is explained here for the information of Committeemen. The percentage of the county allotment that an operator may receive will be determined by the proportion that his individual allotment basis (Table 1, Column F, line 10) bears to the total allotment bases of all applicants in the county. If a producer's allotment basis amounts to the equivalent of 100 bales, for example, and the total allotment bases of all producers in the county amount to the equivalent of

1000 bales, then the individual producer will receive 10 per cent of all the exemption certificates allotted to the county, excluding possible additional allotments from the cotton in the State reserve, which will be discussed later. If the equivalent of 800 bales of tax-exempt cotton are allotted to the county as its pro rata share of 90 per cent of the State allotment, then the operator used here for illustration will receive 10 per cent of 800, or an allotment of 80 bales.

In order to illustrate more concretely the manner in which Table 1 will be filled out, four illustrations of different cases are shown (Examples A, B, C, and D). The illustrations are self-explanatory and should be carefully studied by Committeemen before the actual work of receiving applications begins. These illustrations pertain to the procedure to be used in filling out Table 1 in the applications of operators who are not participants in the 1934-1935 Cotton Acreage Reduction Plan. In the case of producers who have signed 1934-1935 Cotton Contracts the same information as shown in Table 1, Columns A through E, of their contracts will be used.

Example A illustrates the case of non-signer operator making application covering a farm on which cotton was planted in all five years of the base period, but on which a complete crop failure occurred in the year 1929. In this case the averages in line 8 will be obtained by dividing the totals of Columns A, C, and D (line 7) by five. The years in which cotton was planted in the base period will be used regardless of whether any cotton was harvested or not. The County Committee found it necessary in this case to reduce the reported average yield by 30 pounds in order to place this figure on an equitable basis with the yield figures accepted in other applications in the county. The adjusted average production in Column F (line 9) was then multiplied by .61 in order to obtain the allotment basis in Column F (line 10). The factor .61 represents the average percentage of their adjusted cotton base acreage that contract signers in the county are permitted to plant in 1934.

Example B illustrates the case of a non-signer operator making application covering a farm on which cotton was planted during only four years of the base period, 1928-1932. In such a case the averages in line 8 will be obtained by dividing the totals in Columns A, C, and D (line 7) by four. It will be noted in this case that no adjustments were made by the County Committee in the figures reported by the applicant. Column F, line 9, was then adjusted to obtain Column F, line 10, as explained in Example A.

EXAMPLE A - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 8 AND FOR CALCULATING THE ALLOTMENT BASIS ON A FARM ON WHICH COTTON WAS PLANTED IN ALL YEARS OF THE BASE PERIOD 1928-1932, BUT ON WHICH NO CROP WAS HARVESTED IN A PARTICULAR YEAR.

(Application for farm not covered by 1934-1935 Cotton Contract)

(A)	(B)	(C)	(D)	(E)	(EE)	For use of County Committee (Producer is not to fill in these spaces)			
Bales produced	Average weight of lint per bale	Total lint produced	Acreage planted to cotton	Yield of lint per acre	Cause of partial or com- plete crop failure	(F) Total lint produ- ced	(G) Total Acreage planted to cotton	(H) Yield of lint per acre	
Number	Pounds	Pounds	Acres	Pounds		Pounds	Acres	Pounds	
(1) 1933 (See note in Table 1, Form No. B. A. 8)									
(2) 1932	31	511	15,841	90	176				
(3) 1931	78	505	39,390	100	394				
(4) 1930	12	499	5,998	80	75 Drought				
(5) 1929	0	0	0	90	0 Hail				
(6) 1928	27	473	12,906	90	143				
(7) Totals	148	XX	74,135	450	XX	XX	XX	XX	
(8) Averages	29.6	XX	14,227	90	165	14,827	90	165	
(9) Adjusted averages. (See note in Table 1, Form No. B. A. 8)						12,150	90	135	
(10) Allotment basis (See note in Table 1, Form No. B. A. 8)						7,411		135	

Note: Obtain the averages in Columns A, C, and D by dividing the totals by five. The average for Column E, line 8, will be obtained by dividing Column C, line 8, by Column D, line 8.

EXAMPLE B - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 8
AND FOR CALCULATING THE ALLOTMENT BASIS FOR A FARM ON
WHICH COTTON WAS PLANTED IN ONLY FOUR YEARS OF THE
BASE PERIOD 1928-1932

(Application for farm not covered by 1934-1935 Cotton Contract)

	(A)	(B)	(C)	(D)	(E)	(EE)	:: For use of County Committee			
					Yield	Cause of	partial or	these spaces)		
		Average		Acreage of	of	complete	complete	complete	(F)	(G)
		weight	Total	planted:	lint	crop	crop	crop	Total	Acreage
		of lint	lint	to	per	failure	failure	failure	lint	planted
		Bales	produced:	cotton	acre				of lint	of lint
		produced:	per bale	produced:	cotton	acre			produced:	to cotton:
									per acre	per acre
	Number	Pounds	Pounds	Acres	Pounds				Pounds	Acres
(1) 1933 (See note in Table 1, Form No. B.A.8)										
(2) 1932	30	470	14,100	84	163					
(3) 1931	0	0	0	0	0					
(4) 1930	21	475	9,975	80	125					
(5) 1929	10	460	4,600	90	51	Insects				
(6) 1928	28	473	13,384	100	134					
(7) Totals	89	X X	42,059	354	X X	X X				
(8) Averages	22.25	X X	10,515	88	119	X X			10,515	88
(9) Adjusted averages (See note in Table 1, Form No. B.A.8)									10,515	88
(10) Allotment basis (See note in Table 1, Form No. B.A.8)									6,519	119

Note: Obtain the averages in Columns A, C, and D by dividing the totals by four. The average for Column E, line 8, will be obtained by dividing Column C, line 8, by Column D, line 8.

Example C illustrates the case of a non-signer operator making application for a farm on which cotton was planted during three years of the base period, but through a misunderstanding the operator also submitted information for the year 1933. In such a case the information submitted for the year 1933 will be excluded from the computations and only the years during the base period, that is, 1928, 1929, and 1930, will be used in computing the operator's allotment basis. The total of Column D, line 7, will be divided by three in obtaining the average acreage planted to cotton during the three-year period and the average will be entered in Column D, line 8. Similarly, when cotton was planted during two years of the base period, the base acreage will be the average of the two years. If cotton was planted in only one year of the base period, the base acreage will be the actual acreage planted that year. It will be noted that the other columns in this case are not totalled and averaged. In all such cases in which cotton was planted in three years or less of the base period, the Community Committee will assign a yield figure which will represent the average yield of cotton for land of similar character in the community. An adjustment in the yield was found necessary in order that the production figure in Column F, line 9, would be equitable in comparison with the adjusted average production of 1934-1935 contract signers on similar land in the community. The allotment basis (Column F, line 10) was then obtained according to the procedure explained in Example A.

Example D illustrates the case of a non-signer operator making application for a farm on which cotton was produced in 1933 for the first time since 1927. The acreage and production information will be shown as indicated in line 1. The figure in Column D, line 1, representing the acreage planted to cotton, will then be transferred to line 3, Column D. As in the preceding illustration, the Community Committee will assign a yield figure representing the average yield of cotton for land of similar character in the community. This assigned yield figure will be entered in Column E, line 3. The average total lint produced (Column C, line 3) is obtained by multiplying Column D, line 3, by Column E, line 3. The County Committee's procedure in arriving at the allotment basis will be the same as that outlined in the discussion of Example A.

The applicant operating a farm on which cotton has been planted in 1934 for the first time since 1927 will not insert any figures in Tables 1 and 2. The information for such applicants will be entered in Table 3.

Table 2

The information submitted in this table will be used in determining the basis, if any, upon which the operator will be entitled to share in the State cotton reserve under Section 3, (a) and (d), of the Act. Operators on farms having less than one-third of the cultivated land in cotton during the three years, 1930, 1931, and 1932, may receive a part of the State cotton reserve in addition to a share of the county allotment. A part of the

EXAMPLE C - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 8 AND FOR CALCULATING THE ALLOTMENT BASIS FOR A FARM ON WHICH COTTON WAS PLANTED IN ONLY THREE YEARS OF THE BASE PERIOD 1928-1932, AND DATA FOR 1933 UNNECESSARILY SUBMITTED BY THE APPLICANT

(Application for farm not covered by 1934-1935 Cotton Contract)																										
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	(Z)

Note: Only Column D is totaled in this case. The average acreage is obtained by dividing the total by three. The average yield in Column E, line 8, is assigned by the Community Committee.

EXAMPLE D - INSTRUCTIONS FOR FILLING OUT TABLE 1 OF FORM NO. B. A. 8 AND FOR CALCULATING THE ALLOWABLE BASIS FOR A PART OF WHICH COITION WAS PLANTED IN 1953 FOR THE FIRST TIME SINCE 1927

[illegible]

Note: The average figure shown in Column D, line 3, will be the same as shown in Column D, line 1. The yield figure in Column E, line 8, will be assigned by the Community Committee. The computed average of lint produced (Column C, line 8) will be obtained by multiplying the assigned yield (Column E, line 8) by the actual average (Column D, line 8).

State cotton reserve may also be received by operators of farms on which cotton acreage in 1930, 1931, and 1932 was voluntarily reduced to a point lower than might be considered necessary in carrying out a reasonable reduction program.

The first three lines of Table 2 will be filled out only by those operators on farms where cotton was planted during one or more of the years 1930, 1931, and 1932. The figures in the first three lines will be totalled in line 4, and the averages in line 5 obtained by dividing the totals by the number of years in which cotton was planted. Adjustments, if found necessary, will be made in line 6 by the County Committee. The information entered in line 7 will pertain to the year 1929, or, if no cotton was planted in that year, to the year 1928. The information in line 8 will pertain to the year 1934 and will be filled out by all operators making application, regardless of whether or not cotton was planted during the other years shown in the table. The figures in lines 7 and 8 will not be included in the totals or averages shown in lines 4 and 5.

Table 3

The information in Table 3 will be submitted only by those operators on farms not used in cotton production since 1927. The operator on such a farm will not, of course, submit the information requested in Tables 1 and 2, nor will Table 3 be filled out by operators on farms on which cotton was grown during the base period. The operator will submit the necessary information called for in line 1, Columns A, B, and C. In Column D, the Community Committee shall assign a yield figure representing the average yield of cotton for land of similar character in the community. Column E will be obtained by multiplying the acreage planted to cotton, Column C, by the assigned yield figure shown in Column D. Lines 2 and 3 will be used by the County Committee in correcting and adjusting the operator's original figures, if such revisions are found necessary.

Section 11. Oath and Signature

The operator will make oath in regard to the information submitted by him in the application form. He will then sign as operator in the space immediately below and to the right of the oath. A share tenant or cropper who operates an entire farm and submits a joint application with the landlord will sign in the space indicated immediately below and to the left of the oath. Such a tenant or cropper signing alone will also type or print the name of his landlord in the space on the right. In the case of an agent submitting an application in the name of an operator, the agent will write the name of the operator on the line indicated, and will then sign as "agent" on the line immediately below.

Two types of agents may act in a representative capacity in making application for allotments and tax-exemption certificates. One type of agent may be authorized by letter or other informal document to submit application, but with the reservation that the tax-exemption certificates be issued to the person or persons represented by such agent. The other type of agent may be authorized to submit application and also to receive in a representative capacity the tax-exemption certificates which otherwise would have been sent to the operator. The documentary authority submitted by the second type of agent will indicate the extent of his authority to act for the operator whom he represents and will be executed in the

prescribed manner in Form No. B. A. 5.

County and Community Committeemen and other officials in the county concerned with the operation of the Cotton Act are authorized under an Act of Congress to administer oaths without charge to persons making application for tax-exemption certificates. The oath need not necessarily be administered by these officials, as any notary public or any other person who administers oaths may function in that respect. Most producers, however, may wish to avail themselves of the free service of administering the oath that can be rendered by committeemen. The person who administers the oath will sign his name and indicate his title on the line provided for that purpose.

Section III. Community Committee Certification of Application

The Community Committeeman who assists the operator in filling out his application form will certify here regarding his familiarity with the farm for which application is made and that he is satisfied that the representations made by the producer are in accord with the facts as they are known to him. The Community Committeeman will sign on the line indicated and will record the date on which the application is received.

Section IV. County Committee Certification of Application

At the close of each day or at such time as is convenient, the application forms approved by the Community Committees will be submitted to the County Committee for their examination and recommendations. The County Committee will consider each application with regard to statements made by the producer and will advise with the Community Committeeman who certified to the application regarding any statements that the County Committee may consider in error. The County Committee will also check all computations made by the applicant and the Community Committeeman in order that the information submitted will be accurate before presentation to the State Board. When the County Committee approves the application, one member will certify to the application and to the certification of the Community Committee and will recommend that the Secretary of Agriculture assign an allotment to the producer on the basis of the statements contained in the application. The approval of the County Agent will also be indicated by his signature on the line provided for that purpose.

Any County Agent desiring to delegate a person employed in his office to affix his signature shall execute an authorization in writing in the form shown below and deliver the signed authorization to the person so delegated. A copy of the authorization shall be retained in the County Agent's files. The authorization will be taken up and cancelled when need for its use has ceased to exist. The form recommended for use is as follows:

I, County Agent for the County of _____, State of _____, do hereby authorize _____

(Name and title of person)

employed in my office, to affix my signature to any document approved by me in connection with the administration of the Agricultural Adjustment Act so far as it relates to cotton or with the Cotton Act of April 21, 1934, this authorization to remain in effect until cancelled or revoked

by me.

(Signature of County Agent)

Dated _____ 1934

Specimen signature of County Agent executed by the person named in the foregoing authorization:

Section V. Summary of Application

The data submitted by the operator in his application for exemption certificates will be summarized by the State Allotment Board. It is highly essential that the data in the application forms be submitted in the manner recommended in order to avoid delays in the computing of individual allotments by the State Allotment Board. Any errors in the application forms will need to be corrected before the summary can be completed. In correcting these errors it may be necessary to send the application forms back to the County and to the Community Committeeman who assisted the operator in filling out his application. It is hoped, however, that there will be relatively few instances in which this will need to be done. The entire work involved in the computing of application summaries and in the tabulating of forms in connection with the making of reports to operators and to the Cotton Production Section will be handled by the State Allotment Board. This will relieve the County and Community Committees of much of the work that they otherwise would have to undertake, and hence leave them free to concentrate on the obtaining of information from the operators and the presentation of this information in the proper manner on the application forms.

BASIS FOR DIVIDING TAX-EXEMPTION CERTIFICATES BETWEEN LANDLORDS, SHARE TENANTS, AND/OR SHARE CROPPERS (Forms No.B.A.9 and B.A.10)

Form No. B.A.8, as explained in the foregoing, will contain the information which will serve as the basis for determining the total farm allotment. The farm allotment goes with the land and will be used as the basis for determining the number of exemption certificates that will be issued to producers on the farm. Form No. B.A.9 is a means of determining the distribution to the various producers on the farm, including landlord, share tenants, and share croppers, of the tax-exemption certificates issued on the basis of the farm allotment, and is an application submitted by the operator for himself and all other producers on the farm. Form No. B.A.10 provides the continuation sheets for Form No.B.A.9.

Forms No. B.A.9 and 10 provide for the obtaining of information from operators in such a manner that the proper division of exemption certificates may be made between a landlord and his various share tenants and/or share croppers according to the amount of cotton produced jointly with each. As indicated on the forms, the landlord will be required to furnish the name and address of each share tenant and share cropper on the land that he operates. An estimate will then be made by the operator as to the normal production of cotton on the land worked by each tenant and/or cropper and on the land worked by the operator with his own labor or with wage hands. It is not necessary that the total estimated normal production

shown on Forms No. B.A.9 and 10 be the same as the adjusted average production shown in Table 1 of Form No. B.A.8. The total in Column D of Form No. B.A. 9 may be greater or less than the adjusted average production shown in Form No. B.A.B.

The percentage of exemption certificates issued to the farm that will go to each tenant and/or cropper and the landlord will be determined according to the ratio that the estimated normal production of cotton on the land operated by each tenant and/or cropper bears to the total estimated normal production on the farm. Likewise, the percentage of the exemption certificates issued to the farm that will be obtained solely by the landlord for the land worked with his own labor or hired labor will be determined according to the ratio that the estimated normal production of cotton on such land bears to the total estimated normal production of cotton on the farm. A description of the procedure that will be followed in filling out Form No. B.A.9 and its continuation sheets, Form No. B.A.10, will serve to indicate the manner in which the proration of certificates on the farm will be determined.

Beginning with Form No. B.A.9, the share of the crop that goes to each share cropper or tenant on the farm will be entered in Column A. The land planted to cotton in 1934 by the share cropper or share tenant will be entered in Column B. There will be entered in Column C the estimated yield of lint cotton per acre on the land worked by each share cropper or share tenant. This estimated yield will be based on the normal productivity of the land and not on the estimated yield that will be obtained in 1934. This estimated normal yield may be based on production data that the landlord may have available, but it is possible that in most cases this figure will be based largely on the landlord's knowledge of the various types of land operated by each share tenant or share cropper. Column D, representing the total production of lint cotton, will be obtained by multiplying Column B by Column C. The same procedure will be followed in connection with the land worked directly by the landlord with his own or hired labor. Columns D, F, G, and H will be computed by the State Allotment Board on the basis of the evidence submitted in this form and in Form No. B.A.8.

Form No. B.A.9 and its continuation sheets were devised primarily for use on farms where the applicant, who may be an owner, cash tenant or standing-rent tenant, deals directly or through an agent with the share tenants and croppers on the farm. Situations will occur, however, in which the operator may be a share tenant who in turn uses one or more share tenants or share croppers on the land that he operates. Again, tenants who rent land on a share basis from the operator may, in turn, sub-rent the land to others. In such cases the procedure used in filling out Forms No. B.A.9 and 10 will be slightly different from that outlined above. The shares of the crop and of the farm allotment that go to each of the three interested parties must be shown. Each cropper's or tenant's name and address will be entered in the spaces indicated and the respective shares of the cropper, landlord, and tenant entered in Column A, as for example, "1/2-1/4-1/4". The State Allotment Board in such a case will insert the caption "tenant-operator" in the column on the extreme right and prorate the apportioned allotment (Column F) on the basis of the representative shares indicated in Column A. If the tenant-operator works land directly with his own or hired labor, the respective shares as recorded in Column A would read, for example, "0-1/4-3/4" in order for the

State Board to effect a proration of the allotment between him and the landlord.

In filling out Forms B. A. 9 and 10 in those cases in which tenant-operators are involved, the name of a tenant-operator will be listed first and the information for the crop which he farms with his own labor or wage labor inserted. Then the names of the tenants or croppers who have sub-rented from the tenant-operator will be listed and indented under the name of the tenant-operator and the information for their crops entered. When denoting, in Column A, the share of the crop to which each of the three parties (cropper, landlord, tenant-operator) is entitled, the share of the cropper will be entered first, the share of the landlord second, and the share of the tenant-operator third. For example, in the case of a "half-and-half" cropper renting from a "third-and-fourth" share tenant, the shares will be listed "1/2-1/4-1/4" in Column A, Form No. B.A.9 or Form No. B.A.10, as indicating the respective shares of the cropper, landlord, and tenant-operator.

After listing each tenant-operator and his croppers, the applicant will insert the word "Total" in the column for addresses, skipping that particular line before listing any additional names.

In case the operator who makes application has a crop that he works with the labor of his own family or with wage labor, his name, together with the information provided for, will be entered following the listing of the individuals previously named.

In order to illustrate more clearly the manner in which Forms No. B.A.9 and 10 will be filled out, two illustrations of different cases are shown (Examples E and F). The illustrations are self-explanatory and may well be carefully studied by Committeemen before the actual work of receiving applications begins. Example E illustrates the procedure to be used in the case of a farm on which no tenant-operator is involved. Example F, on the other hand, illustrates the case of a farm on which share tenants rent from a landlord and then sub-rent to croppers or to other share tenants.

The information submitted in Form No. B.A.9 and its continuation sheets, Form No. B.A.10, will be sworn to by the operator making application in the same manner as was done in connection with Form No. B.A.8. The continuation sheets will be sub-totaled and the summation of these sub-totals brought forward to Form No. B.A.9, on which oath is made. If Form No. B.A.9 is used it will be attached, together with its continuation sheets, to Form No. B.A.8 and submitted to the County Committee.

As specified in the regulations pertaining to the making of farm allotments, the operator of a farm on which one or more tenants or croppers produce cotton on a share basis in 1934 will be required to post the information submitted by him in Forms No. B.A.9 and 10 on the farm in such manner and place that the tenants may readily examine it. The forms will be made out in triplicate at the time the application is made and a copy of each retained by the operator. The copy retained by the operator may be used for posting in the manner prescribed in the regulations.

Name	Address	(A) Ten- ant's part of crop	(B) Land planted to cotton	(C) Esti- mated yield of lint cotton per acre	(D) Total esti- mated pro- duction of lint cotton:
		(Share)	(Acres)	(Pounds)	(Pounds)
Oscar Page	: Steele Store :	1/2	15	200	3000
Pink West	: Steele Store :	1/2	12	180	2160
Newt Jones	: Eastor :	3/4	20	175	3500
James Smith(Operator)	: Eastor :	0	25	200	5000
Total for farm	:	xxx	72	190	13660

Section of Table reserved for use
of State Allotment Board.
Not shown for lack of space.

EXAMPLE F - METHOD OF FILLING OUT FORM NO. B. A. 9 FOR FARM ON WHICH SHARE TENANTS RENT FROM LANDLORD AND, IN TURN, SUB-RENT TO OTHER TENANTS AND/OR CROPPERS.

John Timms

(Operator)

Application

Serial No. A - 15

1934-1935

Contract

Serial No. 751

STATE Mississippi COUNTY Madison

THIS APPLICATION FOR ALLOTMENT AND TAX-EXEMPTION CERTIFICATE(S) MUST CONTAIN THE INFORMATION ASKED FOR BELOW FOR WAGE COTTON AND FOR EACH SHARE CROPPER, TENANT, OR OTHER PERSON WHO WILL PRODUCE COTTON ON A SHARE BASIS IN 1934 ON THIS FARM.

			(A)	(B)	(C)	(D)	
NAME	ADDRESS	TENANT'S	LAND	ESTIMAT-	TOTAL		
		PART OF	PLANT-	ED YIELD	ESTIMAT-		
		CROP	ED TO	OF LINT	ED PRO-		
			COTTON	COTTON	DUCTION		
				PER ACRE	OF LINT		
					COTTON		
		(Share)	(Acres)	(Pounds)	(Pounds)		
Pete Neff	Pickens R#2	:0-1/4-3/4	: 12	: 210	: 2520		
Bud Nix	"	:1/2-1/4-1/4	: 5	: 160	: 800		
Bert Guy	"	:1/2-1/4-1/4	: 8	: 215	: 1720		
Totals for Pete Neff							
Roy Gaines	Myra R#1	:0-1/4-3/4	: 14	: 190	: 2660		
Jim Carver	"	:1/2-1/4-1/4	: 7	: 180	: 1260		
Ed Rowe	"	:3/4-1/4-0	: 6	: 140	: 840		
Totals for Roy Gaines							
Joe Davis	Pickens R#2	:3/4-1/4-0	: 21	: 185	: 3835		
John Timms (Operator)	"	:0-1-0	: 28	: 200	: 5600		
Totals for Farm			: 101	: 191	: 19285		

Section of Table reserved for use of State Allotment Board in case of lack of space.

General

As explained in the foregoing, all applications for individual allotments and tax-exemption certificates will be made in triplicate. The original copy of each form will be sent to the State Allotment Board at the address that will be designated by the Director of Extension in each State. The second copy, as indicated, will be retained in the county office, and the third copy kept by the operator making the application.

After an application is checked and approved by the County Committee, the State and County code will be stamped in the upper right-hand corner of page 1. Each application will then be assigned a serial number according to the township or other county subdivision from which it originates. Each township or other subdivision in the county will be assigned a different letter. The applications received within the township will then be designated by letter and serially-numbered according to the order in which they are approved by the County Committee. Smith Township, for example, may have been assigned the letter A. The third application from Smith Township that is approved by the County Committee will, therefore, receive the serial number A-3. In the case of contract signers, a 1934-1935 Cotton Contract serial number will already have been indicated before the applicant was contacted, but the application serial number will not necessarily be the same as the contract serial number.

The original copies of the approved and serially-numbered applications will be sent currently to the State Allotment Board. The county work should be so organized that the applications will begin to flow into the State office shortly after the field work begins. The applications may be sent in each day, but, with the exception of the final shipment, no less than 100 applications should be sent at one time. A letter of transmittal shall be sent under separate cover to the State Board when the applications are forwarded, and this letter shall specify the serial numbers on the applications sent to the Board, as, for example, A-10 to A-60, C-25 to C-100, etc.

The applications sent to the State Board will be grouped by townships and arranged according to serial number. A record will be kept in the county office of the name and serial number on each application sent to the State Board. Packages of 4 pounds or less may be sent by mail; packages weighing more than 4 pounds will be sent by express.

IF AN OPERATOR WHO SUBMITTED AN APPLICATION FOR AN ALLOTMENT AND TAX-EXEMPTION CERTIFICATES CHANGES HIS LEGAL RELATION TO THE FARM OR TO THE CROP BEFORE RECEIVING HIS CERTIFICATES, IT WILL BE NECESSARY THAT FORM NO. B. A. 18 BE SUBMITTED TO THE STATE ALLOTMENT BOARD IN ORDER THAT THE TAX-EXEMPTION CERTIFICATES WHICH OTHERWISE WOULD HAVE BEEN SENT TO HIM MAY BE ASSIGNED TO THE PERSON WHO PURCHASED OR OTHERWISE HAS POSSESSION OF THE LEGAL RIGHTS OF THE TAX-EXEMPTION CERTIFICATES. THIS FORM WILL ALSO BE SUBMITTED IN THE CASE OF DEATH OF THE OPERATOR WHO MADE THE APPLICATION FOR EXEMPTION CERTIFICATES.

PART VI. COTTON HARVESTED IN 1934 BUT NOT
COVERED BY EXEMPTION CERTIFICATES

There is no restriction under the Act as to the amount of cotton that any producer may grow and harvest; however, he will be subject to a tax on all cotton ginned in excess of his farm allotment. The tax becomes due on excess cotton at the time that bale tags are obtained for such cotton.

Cotton harvested during a crop year with respect to which the tax is in effect will, when ginner, be subject to the tax even though the ginning occurs after the expiration of such crop year. Such cotton may be stored in the seed, but bale tags will have to be obtained before this cotton can be ginned and sold, regardless of the year the sale occurs. Seed cotton harvested during a crop year with respect to which the tax is in effect shall not be exported from the United States (or any possession thereof to which this Act applies) to any possession of the United States to which this Act does not apply, or to any foreign country.

A producer may, if he fills out and signs G.T. Form 106 A (Bureau of Internal Revenue), remove his cotton from the gin and store it on the farm or at such other place as may be permitted under the regulations set up for the administration of the Act without paying the tax at the time of ginning. G. T. Form 106 A will show (1) the ginner's name, (2) the name and address of producer, (3) the place where the cotton was produced, (4) the date on which the cotton was ginned, (5) the place where the lint cotton is to be stored, (6) the number of bales of lint cotton and weight of lint cotton contained in each bale, and (7) the serial number of the lien card attached to each bale. One copy of this form shall be attached to the return filed for the month within which the ginning was done, one copy shall be retained by the ginner, and the third copy shall be retained by the producer.

When such a producer applies for bale tags, he will be required to present his copy of G. T. Form 106 A to the Collector of Internal Revenue for the district in which the cotton is located. Bale tags may be obtained for any part or all of such cotton at any time after ginning (1) upon the payment, to the Collector of Internal Revenue for the district, of the amount of tax which would have been payable at the time of ginning, or (2) upon the surrender of an equivalent amount of tax-exemption certificates.

Until bale tags are obtained, all cotton on which the tax has been postponed will be subject to a lien in favor of the United States for the amount of the tax. During the time such cotton is under lien to the United States, any person who transports (except to the place of permitted storage), sells, purchases, or opens any such bale of cotton before a bale tag issued under the Act is attached thereto is liable to a fine not exceeding \$1,000 or to imprisonment for not exceeding six months, or both. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe regulations providing for the keeping of records and attaching lien cards to the containers of such cotton so as to indicate the time of ginning, the weight of such cotton, and the amount of tax payable with respect thereto.

No person shall (1) transport beyond the boundaries of the county where produced any lint cotton to which a bale tag issued under this Act is not attached, except for the purpose of storing or warehousing as provided for in Section 4 (f) of the Act, or (2) sell, purchase, or open any bale of lint cotton to which a bale tag issued under this Act is not attached, except as may be permitted by regulations prescribed by the Commissioner with the approval of the Secretary of the Treasury.

PART VII. TAX-EXEMPTION CERTIFICATES AND THEIR USE

Tax-exemption certificates will be issued only to cotton producers making application for and establishing the right to exemption from the tax. The certificate consists of a series of coupons. There are 1,000 coupons of 5 pounds each or a total of 5,000 pounds in each full certificate. The coupons are printed in one long strip having 100 lines with 10 coupons or a value of 50 pounds to the line. The coupons begin at five near the point at which the strip is attached to the cover and increase in number until the total of 5,000 pounds is reached. The certificate has a heading in which will be entered the name of the person(s) to whom issued and the application serial number of the farm for which an allotment and exemption certificate(s) were obtained. A certificate may be used only by the person(s) to whom it was issued (or transferred pursuant to regulations to be hereafter prescribed). Any coupon detached from the certificate will be worthless if torn off by any person other than a ginner or an authorized agent of the Government. Persons receiving tax-exemption certificates should take care of them as they are valuable and no provision is made to replace one that is lost, stolen, or destroyed.

When a farmer has a bale of cotton ginned and weighed he will present his gin ticket together with his exemption certificate to the ginner. The ginner will tear out an amount of coupons from the certificate equal to the net weight of lint cotton in the bale and attach securely to the bale a tag (furnished by the United States Commissioner of Internal Revenue) which will identify it in the future as tax-exempt cotton or as cotton on which the tax has been paid. The net weight of lint per bale will be the gross weight less the weight of the bagging and ties. Care should be taken in detaching coupons to see that the number of pounds torn from the certificate corresponds to the net weight of the bale.

Provision is being made for the transfer and assignment in whole or in part of tax-exemption certificates under the supervision of the Cotton Production Control Associations. Regulations and instructions pertaining to the manner and conditions under which transfers and assignments may be made are being prepared and will be issued in the near future.

The foregoing instructions are issued this _____ day of _____,
1934.

C. A. Cobb,
Chief, Cotton Production Section.

Henry A. Wallace,
Secretary of Agriculture.

APPENDIX

A copy of the Act and statutes amendatory or supplementary thereto will be included in a printed publication that will follow this mimeographed report.